[illegible] China
Human rights high on the agenda
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Tiny's battalion
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French economy on the move again
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Tennessee
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FINANCIAL TIMES

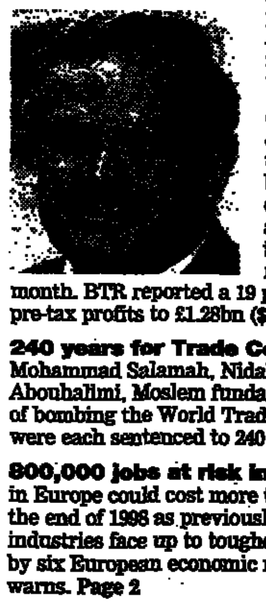
Europe's Business Newspaper WEDNESDAY MAY 25 1994 D8523A

Kravchuk accuses Yeltsin of raising tension in Crimea

Ukraine president Leonid Kravchuk attacked his Russian counterpart, Boris Yeltsin, accusing him of fomenting separatist tensions in Crimea. He said the Russian media had spread "rabid and dishonest" information about Crimea, where the local parliament has restored a 1992 constitution denounced by the Kiev authorities as an initial step to secession. Page 16

Bossi for trial: Umberto Bossi, leader of Italy's Northern League movement, and former Italian prime ministers Bettino Craxi and Arnaldo Forlani were among 31 people sent for trial by Milan magistrates on charges of breaking the law on political party financing. Page 2

BTR directors get pay rises of up to 17%



Directors of UK industrial conglomerate BTR have received basic salary rises of up to 17 per cent and chief executive Alan Jackson (left) has been told his salary cannot be cut. The rises took effect on January 1 and so did not feature in the 1993 annual report, published last month. BTR reported a 19 per cent rise in annual pre-tax profits to £1.28bn ($1.92bn). Page 24

240 years for Trade Center bombing: Mohammad Salamah, Nidal Ayyad and Mahmoud Abouhalimi, Moslem fundamentalists convicted of bombing the World Trade Center in New York, were each sentenced to 240 years' jail.

800,000 jobs at risk in Europe: Privatisation in Europe could cost more than 800,000 jobs by the end of 1998 as previously sheltered nationalised industries face up to tougher competition, a study by six European economic research institutes warns. Page 2

M&S lifts profits 16%: Marks and Spencer extended its lead as the UK's most profitable retailer with a 16 per cent increase in pre-tax profits to £851.5m. Page 18; Lex, Page 16; Details, Page 24

Santander to sell Banesto assets: Banco Santander, which acquired Banesto last month, intends to sell the bulk of the collapsed group's foreign banking interests over the next few months, Santander chairman Emilio Botín said. Page 17

Japan offers limited whale sanctuary: Japan has offered to help establish a whale sanctuary in part of the Antarctic Ocean. Page 5

Lep may partly float US arm: Lep Group, lossmaking UK freight forwarding and security group restructured by its banks in 1992, is considering a partial US flotation of its American security business to reduce its £400m of debt. Page 25

W German inflation rate falls: The immediate outlook for inflation in west Germany has improved further this month, but long-term prospects are clouded by rapid expansion in money supply. Page 8

Columbia/HCA, the US healthcare group which operates the country's largest chain of hospitals, announced the acquisition of Medical Care America in an all-stock transaction valued at $850m. Page 16; Clinton in push over healthcare, Page 4

Maytag to sell Australian and NZ unit: US home appliance manufacturer Maytag is to sell its Australian and New Zealand-based white goods and floorcare appliance operations. Analysts expect the sale to raise between A$100m (US$73m) and A$150m. Page 19

Japan's non-life profits hit: Japan's leading non-life insurance companies posted weaker profits for the year to March because of increased disaster payouts and a decline in interest income. Page 21

JVC, Japanese maker of video cassette recorders and other audio-visual products, reported a consolidated pre-tax loss for the third consecutive year and passed its dividend. Page 21

Suzuki down 10%: Weak export markets and low demand for motorcycles in Japan were behind a 10 per cent drop in pre-tax profits in the year to end-March to Y18.4bn ($176.24m) at Suzuki, the car and motorcycle manufacturer. Page 21

UK-Malaysian trade rift narrows: The British and Malaysian governments are "definitely on the way to solving" the trade rift between the two countries, UK trade minister Richard Needham said. Page 10

■ STOCK MARKET INDICES

FT-SE 100:	3,088.1	(-19.3)
Yield	3.98	
FT-SE Eurotrack 100	1,435.77	(-12.65)
FT-SE-A All-Share	1,557.62	(-0.6%)
Nikkei	20,622.12	(+53.41)
New York lunchtime:		
Dow Jones Ind Ave	3,756.22	(+13.81)
S&P Composite	455.97	(+2.77)

■ US LUNCHTIME RATES

Federal Funds:	4¼%
3-mo Treas Bills: Yld	4.294%
Long Bond	98½
Yield	7.367%

■ LONDON MONEY

3-mo Interbank	5⅛%	(5⅛%)
Liffe long gilt future:	Jun 104⅞	(Jun105⅜)

■ NORTH SEA OIL (Argus)

Brent 15-day (July)	$16.40	(16.49)

■ Gold

New York Comex (June)	$387.3	(389.9)
London	$386.25	(387.75)

■ STERLING

New York lunchtime:		
$	1.5067	
London:		
$	1.5084	(1.5064)
DM	2.4856	(2.4789)
FFr	8.5858	(8.4763)
SFr	2.1238	(2.1217)
Y	157.545	(157.263)
£ Index	79.9	(79.7)

■ DOLLAR

New York lunchtime:		
DM	1.65395	
FFr	5.6575	
SFr	1.4135	
Y	104.85	
London:		
DM	1.6478	(1.6456)
FFr	5.639	(5.627)
SFr	1.4081	(1.4085)
Y	104.445	(104.40)
$ Index	65.3	(65.2)

Tokyo close Y 104.47

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk8.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.50	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L30000
						UAE	Dh12.00

Resources will go to deprived ■ Business welcomes fiscal conservatism

Mandela pledges lower spending and deficit cut

By Patti Waldmeir in Cape Town

President Nelson Mandela yesterday pledged to curb government spending and reduce South Africa's budget deficit as part of a programme dedicated to redirecting state resources to meet the basic needs of those deprived under apartheid.

In his state of the nation address to the new multiracial parliament, Mr Mandela concentrated on economic policy, promising to maintain financial discipline and to reduce the deficit without any increase in general taxation this year.

It was Mr Mandela's first formal statement of economic policy since becoming president on May 10, and was widely welcomed by businessmen and economists for its emphasis on fiscal conservatism.

Mr Mandela outlined a cautious plan for his government's first budget, due to be presented to parliament on June 22. He called for government spending of R2.5bn ($680m) on the so-called Reconstruction and Development Programme, and said these funds would come from rationalising and redirecting government spending, which is forecast at R125bn for 1994-95.

Government ministers said spending by all government departments would be cut by as much as 4 to 5 per cent, with military spending to face the largest cut. The proceeds would be used for investment in housing and other social services, including a plan to improve children's health services during Mr Mandela's first 100 days in office.

Mandela pleases business ……Page 8

In addition, electricity is to be provided to about 350,000 more houses during the next year, with funding provided by the public utility Eskom. This spending will be separate from the estimates contained in the central government budget.

Further productivity improvements in government, as well as redirected spending would be required to free more funds for the reconstruction programme. The estimated total government spending is about R37bn over five years, with further funds to come from the private sector and foreign sources.

Throughout the programme, the government hopes, general government expenditure would be held constant in real terms and the budget deficit would continue to decline from last year's 6.8 per cent of gross domestic product.

General tax rates would not rise this year, but might increase temporarily to help reduce the deficit in later years, government officials said. But Mr Mandela insisted that "a permanently higher general level of taxation is to be avoided".

Mr Mandela avoided quantifying promises to build new houses and provide other basic services, though he said a campaign would be launched "to rebuild our townships, restore services in rural and urban areas while addressing the issue of job creation and training, especially for our unemployed youth". He made no reference to the vexed issue of land reform.

Mr Mandela stressed his government's commitment to "freedom from want, freedom from hunger, freedom from deprivation, freedom from ignorance, freedom from suppression and freedom from fear".

He said the government had decided to apply to rejoin the Commonwealth, which South Africa left in 1961, and would soon sign the United Nations' Universal Declaration on Human Rights and well as other international human rights covenants. His government would also prepare amnesty proposals which will cover members of the security forces who have been linked to apartheid wrongs.

South African president Nelson Mandela, accompanied by his eldest daughter, takes the salute on his arrival at parliament for its first full sitting

Reuter

US and Japan to resume stalled trade talks

Leaders vow to strengthen bilateral relationship

By Nancy Dunne in Washington and Michiyo Nakamoto in Tokyo

The US and Japan yesterday agreed to resume negotiations on a trade "framework" which Washington expects will produce a measureable improvement in specific sectors and a more general reduction of Japan's massive trade surplus.

Agreement was announced after five days of talks in Washington and a 14-minute phone call between President Bill Clinton and prime minister Tsutomu Hata. The two leaders congratulated each other on ending three months of stand-off and vowed to strengthen the bilateral relationship.

Mr Mickey Kantor, the US trade representative, said sectoral talks would begin immediately on cars and car parts, insurance and government procurement. He also hopes to launch discussions "as soon as possible" in other disputed areas, such as financial services, glass and intellectual property.

The agreement reflected a less tense political climate between the two countries, and could influence foreign exchange markets. In recent months, the stalled talks had been cited as a cause for the weakness of the dollar and strength of the yen.

On February 11, when President Clinton and Japan's then prime minister, Morihiro Hosokawa, met, both sides seemed determined to say "no" to each other. Since then, Japan has a new prime minister and the dollar has fallen to near-record lows against the Japanese yen as fears have grown that the bilateral relationship was in serious jeopardy.

Their dispute had centred on a US demand for market-opening agreements that contained "objective criteria" to measure progress. "We have confirmed that we are not seeking numerical targets," Mr Kantor said. "We have said it continually since July 3 1993, again and again, we are not seeking numerical targets or managed trade.

"Objective criteria will provide the basis for deciding if the agreements succeed or fail to meet their purpose to achieve concrete results," he said. In Tokyo, officials were generally guarded in their view of yesterday's breakthrough and stressed that the latest agreement was only one step towards resolving a wide array of issues over which Japan and the US still remained at odds.

Mr Koji Kakizawa, foreign minister, said in announcing the latest agreement, that the two sides had agreed not to use numerical targets as "objective criteria" for measuring progress in opening Japan's markets.

Japanese business leaders welcomed the breakthrough in the talks. Mr Shoichiro Toyoda, chairman of Toyota Motor, and chairman-elect of Keidanren, Japan's Federation of Economic Organisations, said that the resumption of the talks was welcome but the issue of greater imports of foreign auto parts was a matter that should be decided by private industry.

US officials have said they would like to reach sectoral agreements in time to be signed at July's Group of Seven summit.

US test for a 'dead fish' theory, Page 5

PLO picks Morgan Stanley to monitor West Bank aid

By Roger Matthews and Norma Cohen in London

The Palestine Liberation Organisation said yesterday it had chosen Morgan Stanley Asset Management, fund management arm of the US-based investment bank, to monitor more than $2bn in international aid committed to the West Bank and Gaza Strip over the next five years.

The appointment was made to allay international fears about the control and direction of the funds, particularly that they should not be diverted to political purposes.

Morgan Stanley has had significant business interests in the Arab Middle East but has also advised Israel in arranging debt finance for its US-guaranteed loans programme. The bank's MSAM division has about $50bn in assets under management.

In a statement from its Tunis headquarters, the PLO said the involvement of Morgan Stanley would "help assure contributing nations that the funds provided directly to the Palestinian National Authority would be managed with total transparency in a highly skilled and professional manner".

Total international aid commitments to the Palestinians stand at about $2.8bn over the next five years. This includes grants, concessionary loans, loan guarantees and aid from the UN Relief and Works Agency.

About $2.1bn can be considered "new" commitments made after the interim self-rule agreement signed by Israel and the PLO in Washington on September 13.

Some $800m has been pledged for the first year of interim Palestinian self-rule but some donors, such as Saudi Arabia, have been reluctant to commit themselves beyond that.

Officials in Riyadh, still angered by the PLO's support for Iraq during the Gulf war, have said they wanted to be certain every dollar went to specific infrastructure projects and nothing to Mr Yassir Arafat, PLO chairman.

The World Bank is co-ordinating the international aid effort but has not taken responsibility for liaising on specific projects or acting as a channel for the flow of money to the Palestinian Economic Council for Development and Reconstruction (Pecdar).

Fears had been raised among donors that the membership of Pecdar, headed by Mr Arafat, was too heavily politicised and lacked technical expertise.

As a result it it likely that Pecdar's main board will only set the broad policy outlines, leaving detailed work to Mr Ahmed Qurie, also known as Abu Ala, director-general, and departments under him. Palestinians associated with Pecdar insist they will soon have mechanisms for accounting and maintaining control over the council's spending.

Senior Palestinians accept that it will be impossible to disburse anything approaching $800m in the first year, but expect the pace to pick up as projects are agreed with donor governments.

O&M wins IBM's worldwide advertising contract

By Diane Summers, Marketing Correspondent, in London

International Business Machines is to give a single advertising agency, Ogilvy & Mather, all its advertising around the world, in one of the largest account moves in advertising history.

IBM, which currently uses over 40 different agencies around the globe, would not yesterday put a figure on how much it spends on advertising, but industry observers believe it could be up to $500m a year.

The company said that O&M – which is based in New York but, as part of the WPP group, is listed on the London Stock Exchange – will assume full advertising responsibility, including media buying, for the IBM brand and all IBM products and services from next month.

The consolidation into one agency came as a surprise to the advertising world, which was not aware that IBM's account was up for review. It follows a fundamental shake-up of IBM's marketing and sales, announced earlier this month. Instead of being organised along geographic lines, marketing and sales are to be restructured into 14 teams, each covering a specific industry segment.

The wider reorganisation is part of a plan by Mr Lou Gerstner, IBM chief executive, to restore the company to profit: this year's first quarter results showed net earnings of $392m, compared with net losses of $399m in the first quarter of 1993.

Ms Abby Kohnstamm, IBM vice-president for corporate marketing, said: "IBM is one of the world's best-known brands. Our advertising team decided that in an industry undergoing such rapid change, we would be better able to maintain and increase brand awareness by having a single agency to leverage IBM and its products arounds the world."

Analysts said it was too early to tell what effect the account win would have on WPP – the agency could lose other customers as a result of account conflicts. The marketing services group reported pre-tax profits of

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Immediate outlook improves but rapid expansion of money supply clouds prospects in long term

W German inflation shrinks

By Christopher Parkes in Frankfurt

The immediate outlook for inflation in west Germany has improved further this month, although long-term prospects are still clouded by rapid expansion in money supply.

Consumer prices in North-Rhine Westphalia, the region's most populous state, rose at an annual rate of 2.9 per cent in the month to mid-May, down from 3 per cent in April, according to new figures. Inflation in Baden-Württemberg was unchanged at 3.1 per cent.

The figures supported economists' forecasts of an annual rate for the whole of west Germany of 3 per cent at most, after 3.1 per cent in April.

Meanwhile, the Bundesbank's favoured indicator for potential inflation, the M3 measure of money supply, continued to exceed forecasts and the bank's 4-6 per cent target range for growth with a 15.8 per cent annualised increase during April. Markets had been given clear advance warnings of another inflated figure.

The Bundesbank said part of the reason was its handing over to the government of DM18.3bn (£7.3bn) in 1993 profits. It also singled out private sector lending as another contributory factor. Borrowing had expanded at an annual rate of 9.5 per cent in the six months to the end of April.

The bank once again blamed "special factors", evident since January. Investment uncertainties had drawn large volumes of funds into short-term deposits (within the scope of M3) rather than long-term instruments.

Long-term investment grew DM10.3bn in April, compared with DM5.4bn a month earlier, but, as the bank pointed out, monetary capital formation had risen at a seasonally-adjusted annual rate of only 4 per cent in the first four months.

Mood lifts in manufacturing

By Christopher Parkes

A clear improvement in business conditions during April has boosted optimism and production plans among west German manufacturers, according to a leading economics institute. Rising output in the chemicals sector, and a surge in the region's first-quarter trade surplus, reported separately yesterday, provided further evidence that economic recovery is under way.

Findings from the Munich-based Ifo institute's latest monthly poll of industry showed new orders rising and inventories shrinking. Some manufacturers reported an increase in unfilled orders even though output had been stepped up.

According to the DIW institute in Berlin, pan-German gross domestic product showed its first real year-on-year increase for 12 months in the three months to the end of March. DIW said most of the 1.9 per cent growth came from an unexpected surge in private spending.

While many indicators showed the gloom lifting rapidly, the German central bank appears anxious that expectations do not run too far ahead of reality. Mr Hans Tietmeyer, Bundesbank president, said on Monday that it was difficult to assess exactly the strength of the recovery. "At the moment it seems to me that the mood in business is rather better than the facts justify," he said.

The Ifo poll, one of Germany's most trusted economic barometers, also showed fading optimism among wholesalers and retailers – a widely-forecast consequence of falling real incomes.

Although negative reports still predominated among manufacturers, with suppliers of investment goods and consumer durables clearly less satisfied with current conditions, the institute said poll participants overall showed "considerably strengthened" optimism on the outlook for the next six months.

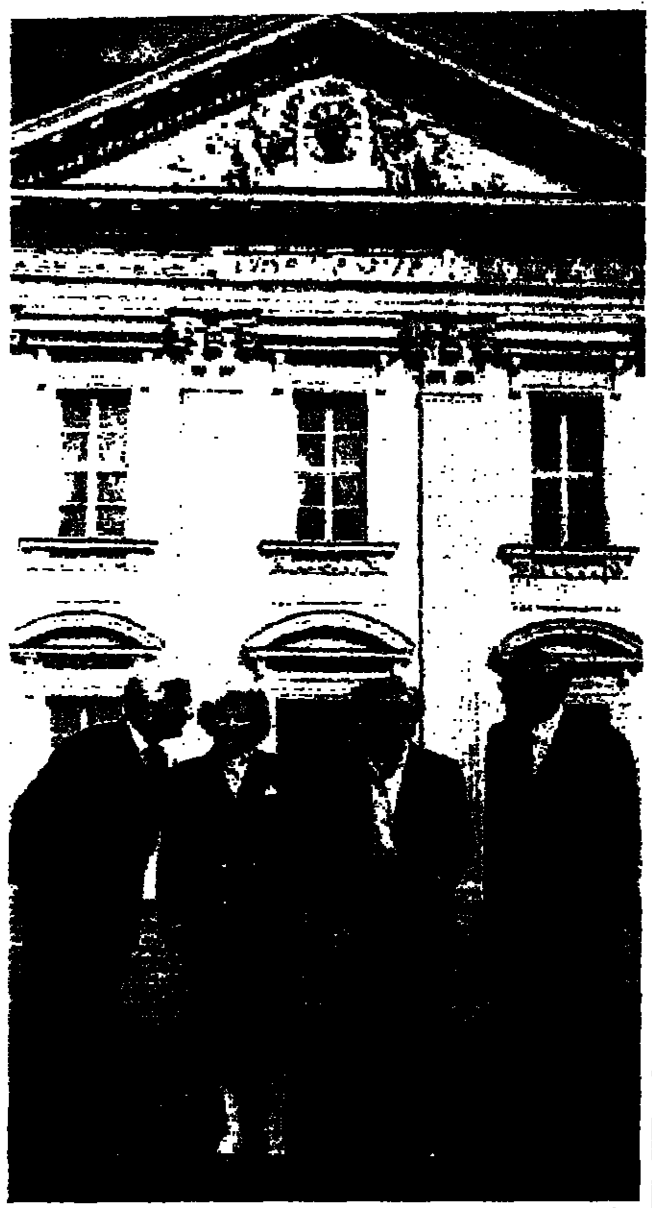
Most hopes were focused on improving exports, particularly among suppliers of semi-finished products and raw materials, which are typically among the first to detect the onset or easing of a recession.

The VCI chemicals industry association, for example, yesterday reported a 3.6 per cent rise in output from west German factories in the first quarter of the year. A 6.5 per cent increase in foreign demand more than offset a 2.6 per cent decline in the home market, although prices continued to fall. The association said it expected increasing momentum from markets outside Germany, but no significant growth at home for the rest of this year.

The continuing weakness in domestic markets was underlined by a report yesterday that German registrations of new road vehicles tumbled 23.6 per cent to 342,544 units last month. The total number of new cars registered had fallen 2.2 per cent in the first four months, while registrations of trucks and vans were down 7 per cent, according to the federal registry.

Strengthening exports showed up in a pan-German trade surplus for the first three months of DM19bn ($11.3bn), compared with DM9bn in the comparable part of last year. Exports rose 6.5 per cent, while imports were virtually unchanged.

However, when compared with the last quarter of 1993, foreign shipments fell 3.8 per cent, the federal statistics office noted. Exports in March were almost 27 per cent higher than in February, which had three fewer working days, it added.



Germany's outgoing President Richard von Weisäcker (left) with his successor, Roman Herzog, and their wives outside the president's residence, Schloss Bellevue, yesterday. The election of Mr Herzog, a Christian Democrat, sparked fresh exchanges between Chancellor Helmut Kohl's CDU and the Social Democrats yesterday. SPD leader Rudolf Scharping struck an unusually shrill tone by questioning the legitimacy of the electoral college vote because it ignored opinion polls he said showed more popular support for the SPD's candidate, Mr Johannes Rau. Kohl branded as hypocritical the SPD's criticism and challenged the disappointed party either to accept the procedure or to campaign to change it. He said the SPD were "poor losers". Picture: Reuter

Sale of Ina set to raise at least L4,500bn

By Andrew Hill in Rome

The Italian state should raise at least L4,500bn ($2.8bn) through the sale of up to 51 per cent of Ina, the state-owned insurer, at the end of next month. It will be the largest privatisation yet attempted in Italy, and the first under the new government.

The Italian treasury, which owns 100 per cent of Ina, announced yesterday the offer would begin on June 27, and shares would be priced at between L2,200 and L2,700 each, valuing the whole company at L8,800bn-L10,800bn.

The terms of the sell-off include safeguards for small shareholders, following criticism that ordinary investors' interests were neglected in previous privatisations. The same tactic may now be adopted for future privatisations, such as that of Stet, the telecommunications group, and Enel, the electricity company, which are due over the next 18 months.

Single institutional shareholders in Ina will be unable to buy more than 2 per cent of the company in the issue itself. That stake can be increased to 5 per cent with subsequent purchases on the market. But the shares of investors already linked through the shareholder voting syndicates of other Italian companies will be treated as belonging to a single shareholder.

The measure should prevent close allies from building up effective control, circumventing the ceiling on share stakes. That happened earlier this year following the sale of the state-controlled banks, Credito Italiano and Banca Commerciale Italiana (BCI).

The treasury has also approved a special system for electing the first directors after privatisation. Under the innovative scheme, a certain number of seats on the board will be reserved for directors nominated by small shareholders.

The double system of protection was agreed by Mr Lamberto Dini, the new treasury minister and former central banker, and his colleagues Mr Vito Gnutti at the industry ministry and Mr Giancarlo Pagliarini, the budget minister. This same trio would guide the Stet and Enel sales. Both Mr Gnutti and Mr Pagliarini are members of the Northern League, which has been sharply critical of the dominance achieved by allies of Mediobanca, the Milan merchant bank, on the boards of Credito Italiano and BCI.

Imi of Italy and Goldman Sachs are acting as global co-ordinators of the issue, which will be launched in Italy and internationally. A certain proportion of the issue will be reserved for former shareholders in Ina's subsidiary Assitalia, the group's employees, agents, and policyholders.

Judge orders trial of Bossi and ex-PMs

A Milan judge yesterday ordered two former Italian prime ministers, several leading businessmen, and the leader of the Northern League, Mr Umberto Bossi, to stand trial, charged with breaking the law on the financing of political parties, writes Andrew Hill.

The decision is the next step in the process of uncovering an alleged network of bribery and corruption surrounding the ill-fated Enimont chemicals joint venture between state-owned Eni and the Ferruzzi-Montedison industrial group. The trial should begin on July 5.

The list of 32 people accused includes Mr Bettino Craxi, the former Socialist prime minister, who has so far failed to hand in his passport to Italian magistrates, and is thought to be in Tunisia.

Also accused are Mr Arnaldo Forlani, the former Christian Democrat prime minister, Mr Paolo Cirino Pomicino, a former budget minister, and Mr Gianni De Michelis, former foreign minister. Mr Giuseppe Garofano, Montedison's ex-chairman, and Mr Carlo Sama, its former managing director, will also be tried.

Mr Bossi will stand trial because his party is alleged to have received payments from Ferruzzi.

Russia to halve oil export duties

By Leyla Boulton in Moscow

Russia plans to halve duties on oil exports following Monday's removal of oil export quotas, Mr Alexander Shokhin, deputy prime minister for economics, announced yesterday.

President Boris Yeltsin is also on the verge of issuing a new decree with detailed instructions enabling the state to sell off bankrupt state-owned enterprises.

"Now we are in a transitional stage when it has become obvious that there are no extravagant measures for stimulating economic growth," Mr Shokhin said, explaining the new flurry of reformist activity after four months of government inaction. "Now we need painstaking work to create market mechanisms."

The impact of the various measures is likely to be uneven. Foreign oil companies, which have been complaining about high taxation, say that congestion of Russian pipelines and ports means that exports are unlikely to increase substantially in the near future despite a drop in export duties from Ecu30 ($35) a tonne to Ecu15.

But in an area of great importance for ordinary Russians, Mr Anatoly Chubais, deputy prime minister for privatisation, said that separate decrees ushering in long-awaited measures to regulate financial markets, as well as to combat dishonest advertising by banks and financial companies, were imminent.

Mr Shokhin said the latter might go as far as banning any advertising which promised specific dividend payments to small investors, who have been the main victims of extravagant promises in aggressive advertising campaigns. As evidence, however, of the government's tendency for contradictory action, it announced last week that it would tax banks' profits from the sale of treasury bills at a time when the government is trying to widen their use to cover the budget deficit by non-inflationary methods.

Mr Shokhin dismissed suggestions by some deputies and ministers that Russian budget expenditure would increase sharply when parliament came to approve the 1994 budget at a second reading. He also warned Russia's foreign creditors that only $4bn would be available for debt servicing this year.

Talks scheduled with the Paris Club of creditor governments for June 2-3 could only produce a rescheduling agreement if creditors moderated their demands for repayment of Soviet-era debts taken on by Russia as the successor state of the Soviet Union, he said.

Grachev puts proviso on Nato partnership

By Bruce Clark in Brussels

General Pavel Grachev, the Russian defence minister, said yesterday his country would sign the Partnership for Peace programme designed by Nato, as long as it was combined with a separate agreement recognising Russia's special importance.

Nato defence ministers who gathered to hear Russia's new military doctrine said no supplementary treaty was possible but a political declaration about Russian-Nato relations might be feasible.

"There will be no special protocol for Russia," said Mr William Perry, US defence secretary, underlining Nato's reluctance to make any legally binding arrangements that differ from those enjoyed by PFP's current members.

Mr Sergio Balanzino, Nato deputy secretary-general, said the PFP – which 20 countries, mostly ex-communist, have agreed to join – had to be the mainstay of ties between the alliance and Moscow.

However, alliance officials did stress that a dialogue over issues – particularly nuclear – that lay outside the PFP's remit was in existence and could be expected to intensify.

Mr Balanzino said a statement underlining the importance of Russian-Nato relations could not be made by the current meeting of defence ministers, but could be issued by Nato foreign ministers meeting in Istanbul next month.

Diplomats said that if Russia settled for a political statement this could pave the way for a breakthrough in relations between Russia and the west this month or next.

PFP calls for joint exercises, particularly in the field of peacekeeping, and an exchange of military know-how. Mr Perry called yesterday for the programme to be sharply upgraded next year, to include co-ordination of defence planning in east and west.

Mr Malcolm Rifkind, UK defence minister, voiced his concern about Russian emphasis on the army's role in protecting ethnic Russians in the smaller ex-Soviet republics. Underlining the danger of accepting the idea of military intervention in the name of protecting kith and kin, he said both Germany and Britain could claim they had large numbers of citizens or kinsmen living in other countries.

Moscow's demand to upgrade the 52-nation Conference on Security and Co-operation in Europe was also coolly received by most Nato countries.

Russia maintains that it had a raw deal from the treaty on Conventional Forces in Europe because it was negotiated before anyone foresaw the disintegration of the Soviet Union. Many of the best equipped Soviet units were located on the western fringes of the union and have been incorporated into the arsenals of Ukraine and Belarus.

However, Russia's request for an upwards revision of its CFE troop ceilings has caused alarm in Norway and Turkey, the two Nato members which border former Soviet territory

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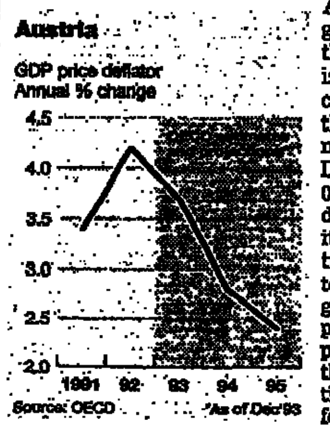
EUROPEAN NEWS DIGEST

Austria set for slow recovery



Source: OECD *As of Dec'93

Austria's economy will growth at about 1.5 per cent this year, although expansion is likely to pick up to 2.4 per cent next year, according to the Organisation for Economic Co-operation and Development. This follows a 0.4 per cent fall in gross domestic product in 1993. In its annual report on the Austrian economy, published yesterday, the OECD said sluggish recovery among principal European trading partners was likely to limit the scale of the upturn. Additionally, Austrian exports are forecast to lose market share abroad as a result of the delayed effect on competitiveness of the appreciation of the schilling. The recovery of corporate investment will probably remain weak, the OECD said. Although a stimulus to business investment should come from further interest rate cuts and corporate tax reform, the impact might take time to come through. The OECD forecasts inflation as measured by the GDP price deflator will fall to 2.8 per cent this year and 2.4 per cent in 1995 from 3.7 per cent in 1993. Austria's inflation performance has been underpinned by the credibility of the "hard currency" policy linking the schilling to the D-Mark. However, the OECD pointed out that Austria's extensive system of credit subsidies has been placing a burden on public finances. *David Marsh, Europe Editor.*

Alitalia to cut 3,500 jobs

Italy's state airline plans to cut up to 3,500 office and ground staff jobs in the next four years as part of a rescue package, trade union officials said yesterday. They said Alitalia, which lost $200m last year and a further $110m in the first three months of 1994, aimed to lose 1,500 jobs by the end of 1995 and the rest by 1997. At present, the group employs 20,000 people.

A management report to the company's unions this week depicted the airline as heavily overstaffed and its structure as too bureaucratic and rigid. The managing director Mr Roberto Schisano has said the airline is in such bad shape that without drastic action Alitalia had only 500 days to live. "The plan has a logic to it," said Angelo Braggio, national secretary of the FIT-CISL trades union. "To leave things as they are would quite simply lead to the airline being liquidated." In return for backing the restructuring plan, unions want the state to guarantee a loan of nearly $1bn to recapitalise the airline and ensure its future. *Reuter, Rome.*

Rubio may escape jail sentence

Spain's economy and finance minister Mr Pedro Solbes indicated yesterday that disgraced former Bank of Spain governor Mariano Rubio could escape a prison sentence in connection with tax evasion. Parliamentary sources said Mr Solbes told a private congress hearing yesterday that Mr Rubio had apparently failed to pay Pta13m (£62,800) in tax in 1988, a total below the Pta15m threshold which makes evaders liable to a jail term. Mr Rubio, who was released last week on Pta15m bail after a fortnight in prison, allegedly kept secret the profits of a portfolio account managed at the time he was central bank governor by the failed Banco Ibercorp. Mr Solbes told the legislators that an intitial investigation into Ibercorp, a financial group which managed the assets of wealthy and fashionable Spaniards, had uncovered a complicated network of shell companies that masked the identities of its clients and the nature of their investments. *Tom Burns, Madrid.*

EU auditing 'unintelligible'

The Court of Auditors, the European Union's main financial watchdog, suffers from "top heavy" senior management and is not professional enough in fighting fraud in the EU budget, Mr Jo Carey, a former UK Treasury official and expert on EU finances, said yesterday. Giving evidence to the House of Lords' European communities committee, Mr Carey criticised the EU's "quite unintelligible" system of financial controls and said the lack of accountability of many senior officials encouraged waste. Mr Carey yesterday did not give an estimate for the budget waste through fraud and other irregularities. But many experts believe this totals at least 5 per cent of EU spending, with much of the fraud due to abuse of agricultural subsidies. Mr Carey said the court's efforts to pinpoint fraud in the EU budget ranged from reports akin to "slightly haphazard investigative journalism" to documents which were rigorously argued and "objective and relevant to policy". *Peter Marsh, London.*

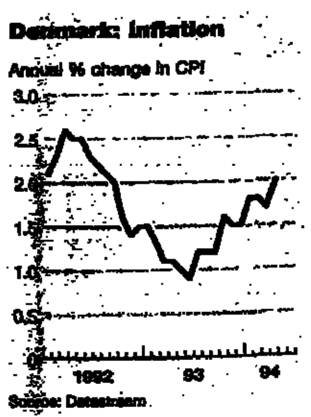
NZ peacekeepers for Bosnia

New Zealand is to send 250 troops to serve under British command on peacekeeping duties in Bosnia. This is the country's biggest commitment of military personnel to a combat zone since World War Two. The government is believed to have been reluctant to send the troops, but felt obliged to do so as it was chairman of the Security Council when the decision was taken to step up the UN peacekeeping role in Bosnia. The force will serve for six months and then be replaced by another company.

Many MPs are known to be privately concerned at the development, although only the leader of the Alliance party, Mr Jim Anderton, spoke against it in parliament when the decision was announced. The foreign minister Mr Don McKinnon said earlier this year that New Zealand should not be drawn into another European war, but he supported the move yesterday saying it was in line with New Zealand's membership of the Security Council. *Terry Hall, Wellington.*

ECONOMIC WATCH

Danish inflation reaches 2.1%



Source: Datastream

The strong recovery under way in the Danish economy was reflected in a significant increase in consumer prices in April. The index rose by 0.4 per cent from March and by 2.1 per cent from April of last year. In the 12 months to April 1993 prices increased by only 1.1 per cent. The increase over the past 12 months, however, has been predicted by the government, which expects consumer prices in 1994 to increase 2.0 per cent from last year. This compares with an increase of 1.2 per cent from 1992-3. The government last week adjusted its economic forecasts upwards, predicting an increase in GDP of 4.0 per cent this year, with private consumption to rise by 4.8 per cent and business investment by 10.4 per cent in constant price terms. The strong growth is expected to continue in 1995, the government said. *Hillary Barnes, Copenhagen.*

■ Inflation in the European Union was 3.2 per cent a year in April, unchanged from March, but marginally down from the 3.4 per cent rate a year earlier, according to Eurostat, the EU Statistical Office in Luxembourg.

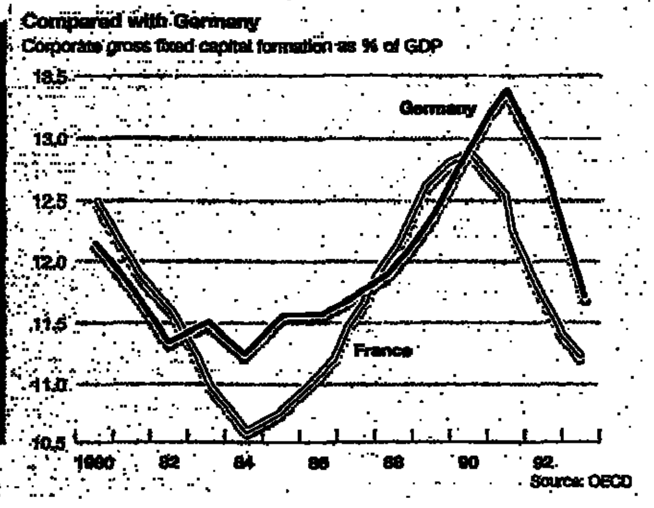
■ Italy's merchandise trade account with other EU countries saw a surplus of L1,026bn in February compared with a surplus of L506bn in February 1993, the Italian statistical agency, Istat, reported yesterday. It also reported March industrial output 0.7 per cent higher than March 1993.

France and Balladur – on recovery road

David Buchan on clear signs of an economic and popularity pick-up

France: Investment

Edouard Balladur
Prime minister



Source: OECD

Mr Edouard Balladur now has something more sustaining to buoy him up than the traditional bark cigarettes and fermented manioc he had to smoke and drink last weekend with French Guyana Indians on an improbable European election swing through France's territories in the New World.

On his return he found confirmation both of the recent recovery in his popularity in a Journal du Dimanche poll – which showed 47 per cent of French people were "satisfied" with him as prime minister as against 44 per cent who were "discontented" – and of the recent pick-up in the French economy.

The lesson which Mr Balladur will almost certainly draw from this is that his best bet for the presidential election next year is to sit tight politically, avoid a repeat of his controversial education and labour market reforms of earlier this spring, and count on economic recovery to continue steadily into 1995.

Insee, the government statistics agency, said last week it had enough evidence in from industrialists' order books and investment intentions, and from consumers' car and house purchases, to predict a 0.9 per cent growth in the first half of this year. Even in the unlikely event that the recovery flattened out entirely in the second half of the year, the "carry-over" effect of this spring recovery would still give the country year-on-year average growth of 1.3 per cent over 1993.

Insee provided still greater psychological comfort by scrapping its gloomy forecast of last Christmas that France's record 12.2 per cent jobless rate would be half a percentage point higher still by mid-1994. The agency noted that the service sector in France was at last performing as in most other advanced post-industrial societies by hiring enough people to absorb job losses in manufacturing and newcomers on to the labour market. Non-agricultural employment rose by 0.1 per cent in the first quarter of 1994.

There are other signs that French companies and households are shaking off their hesitancy about the future.

After cutting spending on new plant and equipment by 17 per cent last year, company managers have told Insee and the Bank of France in repeated surveys that this year they intend to increase investment by up to 2 per cent globally.

They need to do this – not to expand capacity (only 80.6 per cent of which was used in the first quarter of this year) but to modernise it. Low domestic inflation and demand, coupled with improved terms of trade, more than offset last year's 5 per cent appreciation of the franc against the weighted average of the currencies of its six leading European partners, and gave France a FFr90bn (£10.5bn) trade surplus in 1993.

But as Europe came off the top of the German reunification boom, capital spending fell successively in France in 1991-93. "Only a powerful revival in investment", a recent Paribas bank report claimed, "is capable of enabling France to hang on to the benefits of the structural improvement in its trade balance."

Few French companies will need to go to the banks to fund new investment. Their rate of self-financing has risen from 95.6 per cent of their needs in 1991 to 121 per cent last year.

As in the case of companies, it has not been chiefly shortage of cash or credit that has inhibited French households from spending more. Most indeed are net creditors, a fact that perversely puts less rather than more money in their hands as banks cut rates and so reduce their interest income. It is fear of unemployment that has so depressed household consumption.

By allowing companies to keep real wages virtually static and by forcing the government to raise more money to pay for high social security expenditure, the jobs crisis has meant little rise in disposable income. People have also been putting more of it into "precautionary saving".

This is why the Insee judgment that unemployment may now have stabilised may be important in persuading the French to save less and spend more. In response to specific government incentives, they are already spending more on new cars and houses this year. But the economics ministry is forecasting a more general improvement, with a 0.8 per cent rise in household consumption largely funded out of a 0.6 per cent drop in the savings rate this year.

For a steady recovery of its economy, France needs steadiness abroad and at home, but the second condition is nearly impossible to guarantee in the run-up to the presidential contest next May. Mr Michel Rocard, the Socialist leader and presidential contender, predicted last week that Mr Balladur would "take no more risks, after his frightful climbdowns" earlier this year on education and labour reforms. That is probably true, though last week the government quietly liberalised the rules on Sunday opening hours for shops.

However, at the very least, the prime minister will have to settle divisions within his own conservative majority over whether to use any elbow room in the 1995 budget for election-year income tax cuts or for less glamorous reductions in social welfare charges. Waiting to exploit any internal government arguments, too, is Mr Jacques Chirac, the RPR Gaullist leader, who may not now wait much longer to announce his claim on the Elysée.

Defiant Uruguay leader holds out for free market

Setbacks have not deflected President Lacalle's vision, write **John Barham and Stephen Fidler**

President Luis Alberto Lacalle, now well into his last year in office, has had his share of setbacks.

As the head of Uruguay's minority conservative government since he took office in March 1990, he has been deserted by allies, weathered numerous defeats in Congress, and suffered eight general strikes and a humiliating referendum defeat in 1992 that dealt a severe blow to his privatisation plans.

This has not stopped him from plugging away at market-oriented economic policies, in spite of their apparent unpopularity with the electorate.

The government has been selling state assets not covered by the December 1992 referendum verdict, when 72 per cent of voters opposed the sale of five enterprises including the telephone company.

By the year-end, it will have reprivatised the last of the four banks absorbed by the previous government, and the last meat packing plant. It is evaluating an offer to buy the state airline, Pluna, inviting bids for the government gas company in Montevideo and restructuring the ungainly state oil, cement and alcohol conglomerate.

It has ended the government monopoly of the insurance business, and pushed through port reform. It has promoted a bill which will mean full legal autonomy for the central bank and is making another push – with the help of the World Bank and InterAmerican Development Bank – to reduce the size of the country's bloated and inefficient civil service.

All this has won the government plaudits outside the country. The Economist Intelligence Unit decided recently to improve the country's political risk rating because of "continued efforts at structural reform by the Lacalle administration – and its partial successes – despite a hostile congress."

Inside the country the efforts of Mr Lacalle, who is forbidden under the constitution to stand for successive terms, go largely unsung.

Lacalle: can claim policies have led to economic growth of 15 per cent, rising investment rates, an increase in real incomes of one-fifth and a much-reduced budget deficit *Tony Andrews*

His Partido Nacional is trailing in the opinion polls ahead of November's elections, behind both the centrist Colorado party and its candidate, former president Julio Maria Sanguinetti, and the left-wing Frente Amplio.

Mr Lacalle can claim that his policies have led to economic growth of 15 per cent since he took office, rising investment rates, an increase in real incomes of one-fifth and a much-reduced budget deficit.

Mr Ignacio de Posadas, the finance minister, says last year the economy grew about 2¼ per cent, and the government is tentatively forecasting 2 per cent for 1994 – though this could be higher if the Brazilian economy continues to improve.

Inflation fell to 53 per cent last year, half the rate when the administration came to power. The rate has since fallen to 44 per cent, and the target for the year end is 30 per cent, says the minister.

He says the government will show a small budget deficit this year, despite a spate of strikes from government employees for higher salaries, but it will be the lowest budget deficit in an election year for at least 70 years.

Criticised as an unfeeling free-marketeer, Mr Lacalle emphasises that he has overseen important increases in social spending.

He has almost doubled the health budget to $170m (£113m) since taking office and increased education spending by two-thirds to $300m.

His opponents say investment rates are still too low and point to a growing trade deficit. The 1993 deficit was $679m, almost double the previous year's. Yet according to Mr de Posadas, capital flows into the country remain positive and little affected by the interest rate increases in the US.

While the president can claim some victories in his campaign to modernise the state, he has lost the most important battles – the big privatisations and reform of social security.

Social security is Uruguay's sacred cow: the country was among the first to introduce a welfare state and voters are keen to hold on to their privileges. The ratio of the working population to the dependent population is one of the lowest in the world – 1:4 or 1:5 – and the cost of supporting the system grows yearly. Pensions and social security account for 14-15 per cent of GDP and more than half the government budget. Because pensions are indexed to the previous year's inflation rate, when inflation goes down it implies a bigger burden on the treasury.

Politicians on all sides agree, though some will say so only in private, that social security is in dire need of reform, but few will court unpopularity to push it through.

On this issue, the government has now thrown in the towel. "The only thing we've really given up on is the social security reform," says Mr de Posadas. The government has made four attempts to get congressional approval for an overhaul of the system, but succeeded only in making minor adjustments.

Mr Lacalle insists that this is an issue that will not go away. Whoever succeeds him will have to adopt the policies he has struggled to implement. "The next government will have to tackle this issue. If the trend continues, it will become unbearable by 1996-97."

Earth the final frontier for TV's Star Trek

By Richard Tomkins in New York

Starship Enterprise, the spaceship that boldly went where no one had gone before in the television series Star Trek, was yesterday laid up on planet Earth after a decision by its owner to end its weekly forays into the cosmos.

Paramount Communications, the US entertainment group that made the first Star Trek series and its sequel, Star Trek: The Next Generation, has cancelled the television series because it believes it can make more money out of the concept by reserving it for blockbuster movies.

Star Trek has been one of the most successful programmes in television history. The first series – a low-budget affair with wobbly scenery and unconvincing special effects – ran for only 79 episodes between 1966 and 1969, but it built up a cult following that spread its popularity around the world and gave rise to almost incessant re-runs.

In 1987 Paramount launched Star Trek: The Next Generation, a new series based on the original concept but featuring high-technology special effects and a new cast.

Some Star Trek fans were disappointed by the politically correct tenor of the new series. While the crew of the original Starship Enterprise tried hard to be open-minded about civilisations differing from their own, they could usually be relied on to fail, blasting non-conforming species into annihilation.

In contrast, the crew of the Next Generation's Enterprise seemed all too understanding.

Even so, the Next Generation succeeded in becoming one of the most-watched programmes on US television, drawing a regular audience of about 30m.

It was also one of Paramount's biggest money makers.

The last episode, a two-hour special entitled "All Good Things ..." brought the 178-episode series to an end on Monday night.

Clinton in drive over healthcare

President Bill Clinton plans to meet congressional leaders of the Democratic party today to revive prospects of passing healthcare reform legislation, writes George Graham in Washington. With reform bogged down in five congressional committees, Mr Clinton wants to "keep everybody focused on the endgame," a White House official said.

Mr Clinton is also expected to meet all the Democratic members of Congress this evening, although the subjects may spread wider than healthcare. Despite some small breakthroughs, progress has proved agonisingly slow. All five committees seem likely to miss the informal deadline Mr Clinton had set of completing drafting work before next week's recess.

Many officials in Washington doubt whether it will be possible to pass a comprehensive reform this year. Prospects next year, after likely Republican gains in November elections, would be even slimmer.

However, Senator George Mitchell, Democratic leader in the Senate, said: "Going from the general to the specific is always difficult, but none of this is insurmountable if there is good faith."

Venezuela alters dollar auction

By Joseph Mann in Caracas

Venezuela's central bank has abandoned the system introduced this month to ration sales of dollars to banks and exchange houses. The system had led to a growing gap between the official exchange rate for the bolivar, determined by central bank sales of dollars, and that on the parallel market.

Yesterday the central bank began using a Dutch auction system, under which banks and exchange houses offer bids each business day for a specific volume of US dollars they wish to purchase. The monetary authorities then decide on a minimum price, and provide dollars to all bidders who have offered the minimum price or above.

The central bank's main goals are to slow the depreciation of the bolivar and lower pressure on the country's international reserves, which have fallen sharply since the beginning of the year.

Since May 2, the official value of the bolivar fell 9 per cent against the dollar, but, on the parallel market, the decline was more than 24 per cent.

Mr Chip Brown, an economist at Morgan Stanley in New York City, said that the new system, "if properly managed, should help to stabilise the bolivar and bring it closer to parity."

The previous system used a weighted average to determine the dollar's price each day, and placed a strict limit on the resale margin for foreign exchange obtained from the central bank. There are no limits on resale margins under the new plan.

Venezuela depends heavily on imported food and industrial inputs – and currency depreciation therefore feeds straight into cost-of-living increases. The bolivar's devaluation alone is expected to push inflation this year to 60 per cent or more, compared with 46 per cent in 1993.

Under the system just abandoned, which was introduced on May 4, demand for dollars from the central bank was greater than what the bank was willing to supply. Foreign and domestic companies complained they were unable to get foreign exchange needed to pay for imports and meet their international obligations and warned of shortages as the flow of imports slowed.

Foreign banks accept US curbs

By George Graham

European and Japanese banks appear to be ready to drop their opposition to controversial restrictions on foreign-owned banks in US legislation designed to remove barriers stopping banks in the US from opening branches outside their home states.

Interstate branching legislation has passed both houses of Congress, but the Senate version of the bill would restrict foreign banks from opening new branches in the US unless they operate through a separately incorporated subsidiary.

The US treasury, the European Commission and some House members have argued this would breach the principle of national treatment by imposing more restrictions on foreign banks than on their US counterparts, and could rebound against US banks seeking to operate abroad.

In Europe, for example, US banks may open a branch directly in all EU countries without setting up a subsidiary.

But most international banks appear to have concluded that the practical consequences of the restrictions would be small, and they have not been pressing their finance ministries to intervene actively in the dispute.

Many banks have also decided they would rather undergo these limited restrictions than engage in an all-out fight that could strengthen calls in the Senate for foreign bank branches to be subjected to the requirements of deposit insurance and of the Community Reinvestment Act. This requires banks to lend a certain proportion of their resources to deprived areas.

Foreign banks that wish to set up a branch network in the US have usually chosen to do so by buying a US subsidiary.

Senate concern is driven by evidence that foreign banks have been able to increase their market share in the US because they do not bear the costs of deposit insurance and CRA compliance.

Companies asked to join China fight

By Nancy Dunne in Washington

Human Rights Watch, a worldwide organisation, has for the past five months been holding "quiet conversations" with dozens of multinational companies in the US, Europe and Asia with the aim of developing a set of principles which they could voluntarily employ to improve human rights in China.

The effort began in January as the US administration was warning Beijing it must make efforts to improve its human rights record or risk losing its Most Favoured Nation status. China mostly ignored the warning, and President Bill Clinton has until June 3 to decide what action to take.

Mr Warren Christopher, the US secretary of state, told the president on Monday China had complied with only some of the conditions, but he recommended very limited sanctions.

Human Rights Watch's Asia arm said there had been a "significant overall deterioration" of human rights in China where the government has "opted for a policy of conspicuous crackdown ... and wide-ranging repressions".

Mr Richard Dicker, associate counsel of Human Rights Watch, said: "It now appears likely that some approach to the corporate community to take voluntary measures will figure into the Clinton administration's MFN resolution package. The issue is how in a discreet low-key, effective way [companies] can use their presence and influence for the betterment of human rights, which is clearly in their long-term interest."

Human Rights Watch has developed five proposed measures:

- Prevention of the inadvertent use of prison products or forced labour products in their production process.
- Prohibition of mandatory political indoctrination sessions on company premises.
- Adoption of an employment policy which bars discrimination on the basis of political beliefs.
- Protection of employees' rights to free expression and association.
- Conveying concerns about human rights violations to relevant authorities.

Many businesses have been cool to proposals for a code like the Sullivan Principles which were employed in South Africa.

Mr Cal Cohen, one of the leading Washington lobbyists for renewal of MFN, said in the case of South Africa, the effort was a global one; in the case of China, only the US is interested in human rights.

"If we as a government ask companies to convey political sentiments, we will be seen as government representatives rather than business. We might then accomplish less," he said.

UK business wants our man in Havana

By Stephen Fidler, Latin America Editor

The improvement in relations between Britain and the government of Fidel Castro indicates growing opportunities perceived by British business in Cuba.

It follows the opening by the Cuban government to foreign investment as part of its desperate search for hard currency since the collapse of the Soviet Union, its main supplier of financial support.

The growing contacts between the two governments are reflected in the visit of a Cuban parliamentary mission, including Mr Ricardo Alarcón, often described as Mr Castro's number two, to London this week. Junior trade minister Patrick McLoughlin is due to become the first British minister to visit Cuba since at least the 1970s when he goes to Havana in September.

The decision to send a minister to Havana has not been taken lightly, since it is bound to incur some US displeasure. It is the latest manifestation of the differences between Washington and London over the Cuban question, following the strong British representations against US legislation that tightened the embargo on Castro by making it tougher for the subsidiaries of US companies to do business in the US. UK companies were forbidden to comply with this law.

It shows that the foreign office has reached the conclusion that Castro and his government are likely to be around for some time despite the country's severe economic difficulties. "A year ago there was a real question over whether there would be a violent upheaval," said one British official. "Now that seems less likely."

> The British decision to send a minister on a visit to Cuba has not been taken lightly, since it is bound to incur US displeasure

UK officials say the closer ties reflect a British interest in a peaceful transition in Cuba, which will be encouraged by development of trade and investment links. There is also, they say, a long-standing interest in the stability of the Caribbean in view of the location of British territories such as the Cayman Islands nearby.

The shift also follows the stepping down as foreign office minister last year of Mr Tristan Garel-Jones, who was strongly opposed to moving closer to the Castro regime. His successor, Mr David Heathcoat-Amory, is meeting Mr Alarcón this week.

But the real driving force behind the move is the growing interest by UK business in Cuba, a market of 11m people from which the US is excluded by the economic embargo. While there is some scepticism in Whitehall that Castro will ever allow hugely profitable joint ventures, there has been enthusiastic support for closer ties from businesses attached to the Caribbean Trade Advisory Group (Caritag), which has led unofficial trade missions to Havana.

Mr David Jessop, Caritag director, said agreements currently being negotiated by UK companies involved significant sums in the agriculture, tourism, mining and other sectors. He declined to be more specific since the decision to invest usually involved main board decisions because of the difficulties of the US embargo.

However, most involved say negotiations are not easy – the rules of the game are sometimes changed by the government and each joint venture must be referred to the council of ministers for permission.

UK companies have been slower than their counterparts elsewhere in exploring the market. The Dutch bank, ING, has established a joint venture with the Cuban group, Acemex, to open a bank aimed at financing Cuban trade. The Netherlands Caribbean Bank, to be based in Curacao, will soon open a representative office in Havana – the first foreign bank representation in the country. ING officials say they hope business will be sufficient to justify a branch there.

US test for a 'dead fish' theory

Uruguay Round ratification brings Congress another 'crisis', writes Nancy Dunne


Foley: foresees problems in making up lost tariff revenues

GATT

As that unschooled baseballer Yogi Berra might have said, it was *déjà vu* all over again when last week House Speaker Tom Foley warned that Congress faced "a very real crisis" over ratification of the Uruguay Round international trade deal.

Nine months ago it was the North American Free Trade Agreement that was in jeopardy. Then President Bill Clinton's administration put all its efforts into securing Nafta passage; impassioned presidential speeches, a vice-presidential debate, and a frantic round of political horse-trading ended in a stunning victory two months later.

Although President Clinton's power to pull off more victories ought not be under-estimated, passage this year of the implementing legislation for the Gatt agreement now seems almost as improbable as did the Nafta victory last year. Obstacles to passage seem to be mounting instead of shrinking.

Mr Foley and his colleagues see as the chief impediment the need to raise $10bn-$14bn over the next five years and perhaps as much as $40bn over the next decade to compensate for the tariff revenue lost under the Uruguay Round deal. Budget rules require this to be done either by programme cuts or taxes.

The alternative is a congressional waiver to be granted on the grounds that the US would raise more revenue through increased trade than it would lose by the tariff cuts. A waiver must garner 60 votes in the Senate and a majority in the House; that alone would be a formidable but not impossible task.

"If we do a waiver, the press will instantly say the Clinton administration is abandoning its focus on fiscal discipline. The long bond will go up another ¾ of a point," an administration official said. Neither Republicans nor Democrats have been able to agree among themselves about whether or how to cut programmes or raise fees. So the administration sent Congress a list of possible actions which included a 4 per cent revenue tax on radio and television stations, a $3.1bn cut in farm programmes, a $600m gambling tax, a $500m tax on parking space fringe benefits and $200m for taxing chemicals under clean air rules. It is, a long-time Washington lawyer said, "a parade of horribles, designed to get everyone mad" – or in the waiver camp.

Passage of the Uruguay Round deal faces other formidable obstacles. Business has been distracted by the need to lobby over renewal of China's Most Favoured Nation trading status. Lobbyists complain about chaos in the administration's policy-making and lack of vision; the president has yet to announce if or what kind of "fast track" negotiating authority he will seek.

There are worries that the influential Congressman Dan Rostenkowski, chairman of the House ways and means committee, will be indicted for criminal misuse of funds and have to step aside at a crucial time for passage of trade legislation, health insurance and welfare reform.

There is strong Republican opposition to Gatt's subsidies agreement that legitimises government aid for research and development, regional development and environmental compliance. Angriest of all is Missouri Senator John Danforth, who represents the aircraft manufacturer McDonnell Douglas, which has been hurt by subsidies to Airbus, the European aircraft consortium. He says he will oppose the Gatt deal unless the administration organises a side agreement, signed by the EU, Canada and Japan, which would limit subsidies.

The round's most committed foes, led by Mr Ralph Nader, the consumer advocate, argue that the new World Trade Organisation, the more permanent successor to Gatt, threatens US sovereignty on trade matters. That charge cuts across the political spectrum and appeals to arch-conservatives such as Congressman Newt Gingrich, the House minority whip.

A ruling this week against the US by a Gatt dispute settlement panel gives the opposition new ammunition. The decision found that US actions to protect dolphins under US Marine Mammal Protection Act are inconsistent with Gatt. "It was helpful for Gatt to reveal its hand again and make vividly clear what is in store for US environmental and consumer laws," said Ms Lori Wallach of Mr Nader's Public Citizen. "Many laws will be found Gatt-illegal and then Congress must either eliminate the laws or face perpetual trade sanctions."

Mr Kantor's response to the panel decision was to complain about Gatt secrecy and demand that all the relevant documents in the case be made public.

Ms Wallach issued a derisive response about "Gatt spin control" which concluded that "releasing the documents now is too late to affect the legal and political reality of the Gatt ruling".

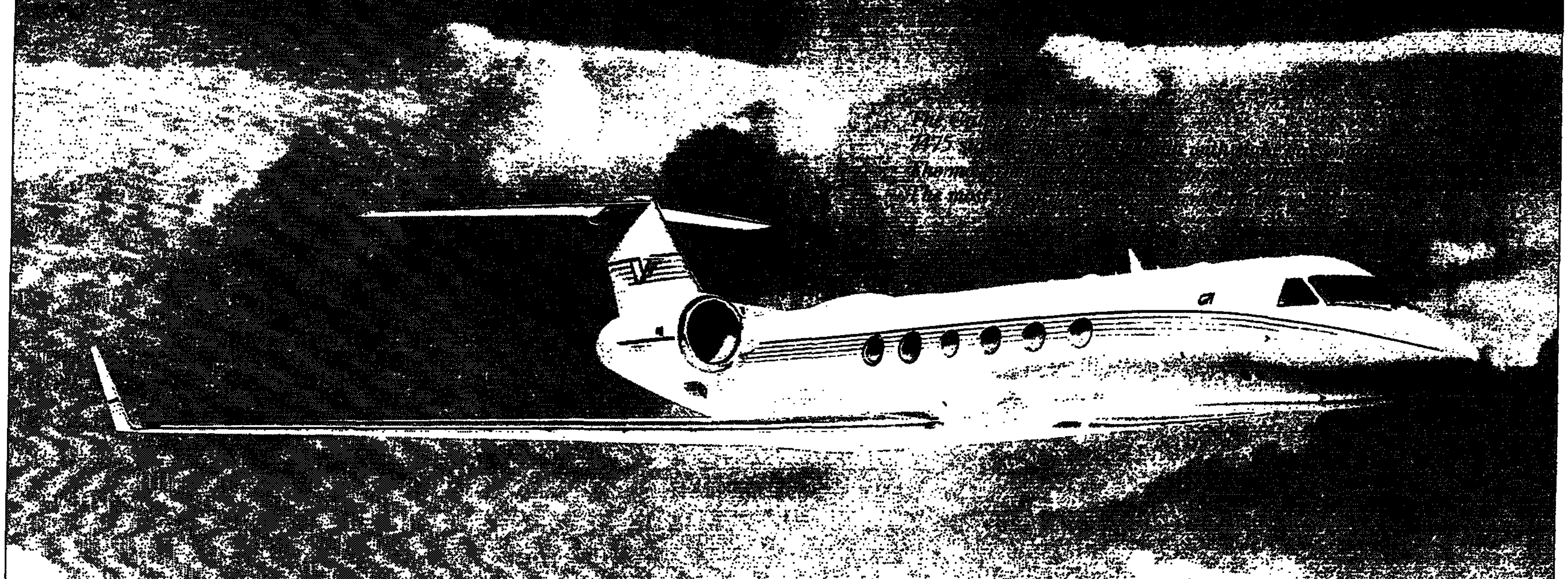
Partly out of fear that opposition will just harden if there is a delay, the administration is trying to repeat its Nafta triumph.

No cabinet member lets a speech go by without plugging the Gatt deal.

Ms Wallach sees this as confirmation of her "dead fish" theory. "If you have a dead fish, you want to get it out of the sun as soon as possible before it begins to stink," she argues.

"This Gatt deal is the biggest dead fish to hit Congress in a long time."

"Confidence and trust are not things you get from a brochure."



Confidence and trust are things you earn. Over time. Delivering on promises. Exceeding expectations. That's why looking at the Gulfstream V versus the competition, you have to look at the record.

Charles N. Coppi
Sr. VP–Engineering
& Technology
Gulfstream Aerospace

Charles Coppi is a part of that record. More than 35 years ago, he was on the concept team that created the Gulfstream I—the first aircraft specifically designed for business use.

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The introduction of the Gulfstream V will mark the fifth time Charlie has guided the launch of a new standard in business aircraft. And while it will offer the ultimate in state-of-the-art technology, it is built around a proven concept.

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Compromise aimed at averting Antarctic ban

Japan offers limited sanctuary for whales

Japan, faced with a possible ban on whaling in its traditional South Sea hunting grounds, has countered with a compromise proposal to establish a whale sanctuary in part of the Antarctic Ocean, Reuter reports from Puerto Vallarta.

Japan presented its plan to the International Whaling Commission's annual conference held in Puerto Vallarta, Mexico, as an alternative to a French proposal to create a no-hunting zone covering all of Antarctica and stretching halfway to the equator.

The French proposal needs the support of three-quarters of the approximately 40 commission member nations attending the five-day meeting if it is to be adopted.

Delegates and observers predicted the vote, expected later in the week, would be close.

The Japanese plan would eventually allow whalers to capture up to 4,000 minke whales in the seas outside the sanctuary once the commission establishes a scheme to regulate and monitor the hunt.

Minke whales have survived in greater numbers than other whales because, although they are larger than elephants, they are smaller than the great whales and were consequently hunted less in previous decades.

The whaling commission estimates there are 760,000 minke whales, but it has imposed a moratorium on commercial whaling for the past eight years pending the passage of the so-called Revised Management Plan.

Despite the ban, Japanese whalers are permitted by the commission to capture up to 330 minke whales in the Antarctic under a 12-year research programme. The whale meat eventually ends up in Japanese markets, where it fetches $50 a pound.

Norway, which protested against the moratorium, resumed commercial whaling last year and killed more than 200 whales.

The current situation frustrates environmental groups and other opponents of the whale hunt as well as whalers, who accuse the whaling commission of taking up animal rights and neglecting its original mandate to regulate whaling.

"Our proposal provides a scientific basis for a sanctuary," said Mr Kazuo Shima, head of Japan's delegation to the commission.

Supporters of the French plan to create a giant whale sanctuary in the Antarctic said on Monday that they had lined up nearly all the votes they needed.

"We're pretty sure of 18 or 19 votes, and another four or five look good," said Ms Cassandra Phillips, an Antarctic specialist with the environmental organisation, WWF World Wide Fund for Nature. "On the whole, we're pretty optimistic."

Ms Phillips said around 21 votes would be needed to overcome the votes of seven IWC members expected to oppose the proposal.

Environmental groups accuse Japan of buying the votes of its whaling commission allies, mostly poor Caribbean and South Pacific states with no whaling industries, with aid.

Cotton supply crisis alarms Beijing

Tony Walker reports on how the boll worm threatens thousands of jobs

China's political leaders are being obliged to take seriously a cotton supply crisis that has forced a slowdown in production or closure of dozens of textile mills and is threatening the livelihood of thousands of employees in the textile sector – one of the country's biggest employers.

Such is the concern that Mr Zhu Rongji, China's senior vice premier in charge of the economy, in meetings with provincial officials recently identified countering the disastrous drop in cotton production as a main priority for the government.

People's Daily, the Communist party newspaper, reported this month that the crisis was particularly severe in central Henan province, which is both a big producer and consumer of cotton. Disorderly markets are affecting the textile sector throughout the country.

China's legal daily newspaper yesterday identified another serious problem facing the textile industry. It quoted a government survey which showed that in 220 large state cotton mills, the quality of cotton supplied had dropped dramatically over the past year or so.

"That in such a short period of time, the quality of cotton should drop to such a degree is unprecedented," the paper said.

China's experiment with pilot free markets in two provinces and the decentralisation of cotton marketing nationwide – cotton is the one commodity whose supply and price is still controlled – appears to have failed, and the authorities have moved to re-assert central control.

In Wuhan in central Hubei province, the city's No 1 Cotton Mill, one of China's most modern mills, is beset by chronic supply problems. Its manager, Mr Zhang Bao Xin, says he is never certain from one week to the next whether it will be possible to maintain production.

In Sichuan province in the south-west of the country, one third of cotton mills have been closed because of lack of supply, according to newspaper reports. This touches the issue of labour unrest in the provinces, which is also of concern to Mr Zhu.

Consumers are facing difficulties on two fronts: first, domestic production is flagging because of cotton disease in its northern producing areas, and second, prices are high internationally.

The price has rocketed from some 52 cents a pound last year to the present price of about 80 cents a pound. Poor crops in India, Pakistan and China are forcing the price up.

People's Daily, under a headline "Where on earth has the cotton gone?" reported a widespread leakage into the open market of cotton earmarked for textile mills from state warehouses.

The newspaper did not allege directly that corruption among state officials had caused supply problems, but hard-pressed textile factory managers are in no doubt that unscrupulous officials are profiting personally from the worsening shortage.

Mr Zhang of the Wuhan No 1 Cotton Mill called for a freeing of the cotton market to enable "fair competition" for scarce supplies. He described his dealings with the provincial supply depot which operates under the Ministry of Internal Trade as a source of "daily frustration and daily anger".

He said officials of the local "Cotton and Jute Corporation" were "overlords" of the cotton trade.

> The problems can be traced to the slide in land planted to cotton. In 1993, about 5m hectares were planted compared with 6.5m hectares two years earlier.

The problems can be traced most immediately to the slide in land planted to cotton. In 1993, about 5m hectares were planted, compared with 6.5m hectares two years earlier.

That in turn had a big impact on production, with 3.7m tonnes harvested last year, compared with 5.6m tonnes in 1991.

Infestation – especially in the northern regions which account for about 75 per cent of production – of the cotton boll worm (no relation to the weevil) has been one of the main causes of lost cotton acreage.

Farmers have been turning to grain and soya beans to avoid the risk of losing all to this worm, which is reportedly beyond the control of pesticides.

Estimates of land sown to cotton this year are around the same as 1993; although Xinjiang in China's far west is continuing to extend areas under cotton by about 17 per cent a year. Xinjiang expects to plant about 670,000 hectares this year.

Chinese officials have until now been loath to admit the extent of the crisis and have not been beyond inflating production figures. Western agricultural attachés say attempts to paint a "rosy picture" of cotton production reflect concerns that the extent of the debacle might serve to add further to pressures on international cotton prices.

The crisis is certain to be fuelling discussion in Beijing about alternative ways of bringing order to the market and ensuring adequate supplies to the textile sector, one of China's main exporters.

In the longer term the establishment of a genuine free market would seem to be the best solution, but in the meantime, and with demand far outstripping supply, the authorities need to find ways of encouraging farmers to sow greater areas.

If China is to maintain its output of textiles, it would seem to have little choice but to begin increasing imports.

See Editorial Page feature

Japanese bank governor sees growth barriers

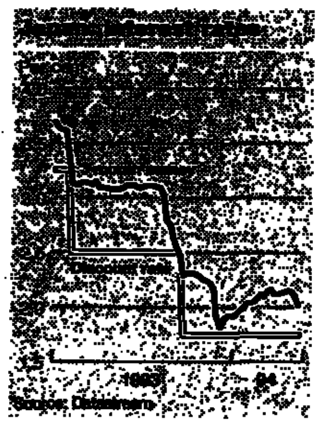
By Gerard Baker in Tokyo

Mr Yasushi Mieno, governor of the Bank of Japan, said yesterday several negative factors threatened to impede the country's economic recovery.

Speaking to the house of representatives' budget committee, Mr Mieno cited trade frictions with the US, the accompanying rise in the value of the yen, corporate balance sheet adjustment and the pace of labour-shedding as factors that might weaken the upturn.

But the governor said the foundations for economic recovery were being laid, largely as a result of stock adjustment, company restructuring and the effects of past fiscal and monetary policy.

The strong performance in certain overseas markets, in particular the US, gave added grounds for optimism. He said the central bank would continue to monitor economic conditions closely to determine whether the small glimmers of recovery appeared to be spreading.



Mieno: foundations laid

The remarks did nothing to dispel growing market speculation that another cut in official interest rates is in the offing. In the last fortnight, the bank has allowed key money market rates to fall. Overnight interest rates have dropped by one fifth of a percentage point and now stand at a fraction over 2 per cent.

But the bank has so far baulked at a cut in the more symbolically important official discount rate from its current all-time low of 1.75 per cent.

Such a move would send a much clearer signal of a looser monetary policy to financial markets, something the bank has been anxious to avoid, opting instead for a policy of easing by stealth.

Many analysts believe the markets have now discounted a cut in official interest rates, and this has helped relieve some of the upward pressure on the yen.

If the bank fails to cut rates as expected, the pressure on the Japanese currency is likely to revive, threatening again to push it through the Y100 to the dollar level.

South Yemenis vow to resist

By Eric Watkins in Aden

Political leaders in south Yemen yesterday acknowledged that north Yemeni forces had made military gains, but vowed to resist further encroachments by the government of General Ali Abdullah Saleh.

They said their forces were being consolidated in preparation for a counter offensive against Gen Saleh's regime.

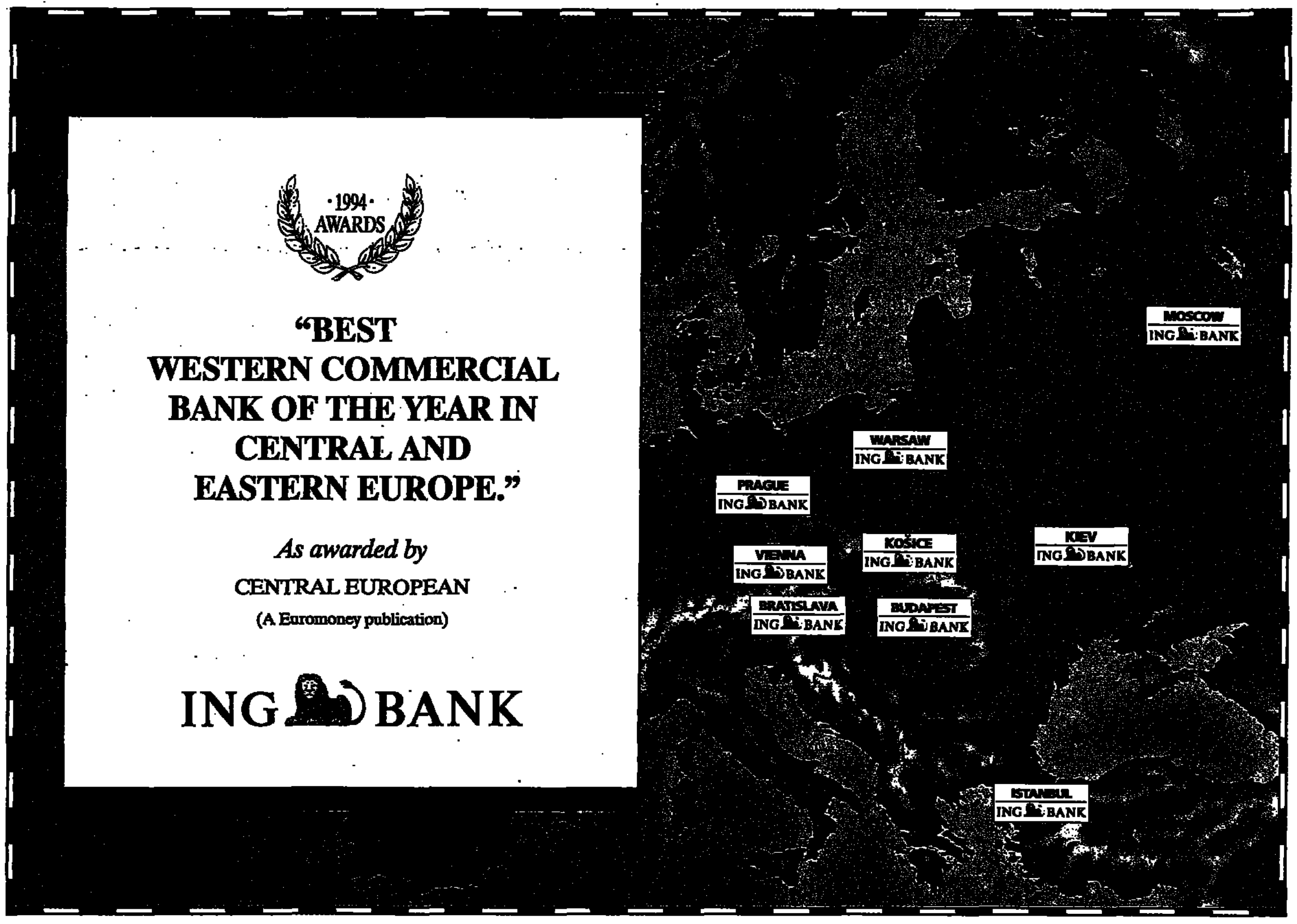
Mr Ali Salem al-Beidh, president of the newly announced Democratic Republic of Yemen, conceded on Monday that northern forces had captured the strategic town of Ataq, in Shabwa province 300km north east of Aden.

But he said that irregular forces in the region could be expected to contain any further northern advances from the town. That view was supported by Mr Abdul Rahman Ali al-Jifri, vice-president of the new republic. Mr Jifri, who represents Shabwa in the five-man presidential council, said that guerrilla forces were being mobilised and would start a counter-offensive within days.

Both leaders flatly rejected the idea that Gen Saleh's forces would be able to take Aden, stronghold of the south. Mr Beidh claimed on Monday that southern forces were still in control of al-Anad, a key defensive position 60km to the north of Aden. Al-Anad – the name means "stubborn" – has seen intensive fighting for the past week, with both northern and southern leaders claiming victory.

Southern officers said they had staged a tactical withdrawal from al-Anad on Sunday, luring northern forces from the nearby mountains and shelling them with heavy artillery as they entered the 500 sq km camp. Journalists who visited the battle scene yesterday confirmed that northern forces had still not secured al-Anad and that fighting continued around it.

Other southern leaders said that mistrust of the Yemen Socialist party, which ruled the south for 23 years after independence from Britain, had prevented formation of a united front against the north. This however, had changed in the past week with reassurances from the socialists about power-sharing and formation of a coalition government.



Mandela pleases business

By Patti Waldmeir in Cape Town

Such has been the revolution in the economic rhetoric of the African National Congress that President Nelson Mandela might have drawn yesterday's state of the nation address to the multi-racial parliament from a textbook on financial and fiscal orthodoxy.

It has come more likely, however, from the pen of Finance Minister Derek Keys, source of all orthodoxy in the previous National party government, and now trusted adviser to Mr Mandela.

Gone are the days when ANC leaders sent markets into hysterics with comments about repudiating debt or nationalising industry. In the words of one leading businessman, "they sound more and more like Tories all the time".

Given that the speech seems to have been aimed primarily at calming white fears and reassuring overseas investors – far more than at the domestic constituency, which was promised little of concrete substance – it is scarcely surprising that the business community reacted well.

The credibility and cost of the government's Reconstruction and Development Programme can only be tested over time. But it is hard to fault its intentions, as outlined in yesterday's speech: over the five year span of the RDP, government consumption expenditure will be held at constant levels in real terms and the budget deficit will continue to decline from last year's levels of 6.8 per cent of gross domestic product; some R2.5bn (£450M) will be dedicated to the RDP in the first budget, to be unveiled on June 22, but this will come entirely from rationalising and redirecting government expenditure, not from additional borrowing or a rise in general taxation. Though there could be a temporary rise in taxation in later years, Mr Mandela committed himself to avoid a "permanently higher general level of taxation".

The catalogue of prudent commitments is long. Monetary policy will remain on its recent steady course (and Reserve Bank Governor Chris Stals will remain in his post to ensure that it does); the battle to cut inflation will continue; the private sector will play a central role in generating growth and government will create an investment climate conducive to new investment.

No one knows whether these commitments will survive the pressure to deliver on the RDP's promises, which include building 1m new houses over the next five years, and supplying electricity to 2.5m more among a host of other social service improvements. But Mr Mandela's approach appears to be both cautious and gradual: saving R2.5bn on the first year's budget will be difficult but probably not impossible, and is far more realistic than earlier estimates. Minister Keys says it represents 3 per cent of the budget, which can be covered by the current attrition rate in the civil service.

Further productivity improvements in the civil service to fund a government commitment rising to R10bn in the fifth year of the programme (a cumulative commitment of some R37bn over five years) is likely to prove far more difficult. Mr Mandela has promised to protect white civil servants' jobs while at the same time advancing blacks through the service and the cost of nine new provincial bureaucracies will further burden central government. Furthermore, ANC ministers seem to have unrealistic expectations of the speed with which the government's efficiency can be improved.

But Mr Keys seems content to let the new government learn its own lessons about feasibility. He suggested yesterday that Minister without Portfolio Jay Naidoo, charged with implementing the RDP, would find it nearly impossible to spend the R2.5bn allocated in the forthcoming budget, and this would temper demands for further funds in subsequent years.

Ultimately, Mr Mandela may face the prospect of breaking promises to his people, or busting through deficit barriers.

Defence Minister Joe Modise (right) yesterday reappointed Gen George Meiring (left) South African Defence Force chief of staff AP

UN finds Rwandan haemorrhage unstaunchable

Leslie Crawford on few hopes of an end to the massacre of civilians on the day UN envoy flies into Kigali

A special UN envoy was flown into the eye of the Rwandan storm yesterday with a mission to broker a ceasefire between government and rebel troops that could bring an end to the indiscriminate massacre of civilians in Rwanda.

Tutsi rebels and the Hutu army continued to fight for control of the capital, Kigali, as Mr Iqbal Riza, the UN envoy, tried to reach a central hotel for talks with representatives of the Rwandan government. A truce agreed between rebels and the army for the duration of Mr Riza's visit collapsed on Monday.

However, Reuter reported out of Kigali yesterday afternoon that UN officials had said bombardments of the centre of the city halted just before Mr Riza arrived. But sporadic mortar bomb blasts and clashes between rebel and government troops shook other areas of the capital.

Rwandan Patriotic Front (RPF) guerrillas control the airport and outskirts of the capital, while the city centre is held by the army or Hutu militias.

Mr Riza is trying to negotiate conditions under which a 5,500-strong UN force would be allowed to enter Rwanda to protect civilians and deliver humanitarian aid.

The ethnic bloodbath in Rwanda, sparked by President Juvenal Habyarimana's death in an air crash seven weeks ago, has claimed the lives of half a million people, most of them members of the minority Tutsi tribe, according to aid agencies. More than 1m people – an eighth of the population – are estimated to be displaced and in need of food, medical aid, and protection from gangs of murderers who still roam the countryside.

Tens of thousands of decomposing corpses from Rwanda's killing fields have been washed into Lake Victoria. Authorities in neighbouring Uganda fear the outbreak of disease in the districts bordering the lake. They say they have buried more than 27,000 corpses in mass graves.

The Rwandan mission ordered by the UN Security Council last week faces several immediate problems. No country has yet volunteered troops, though Italy's defence minister said on Monday his country would be willing to do so.

The UN has not spelled out how it is to secure safe havens for civilians and deliver humanitarian assistance in the midst of the civil war. Without a ceasefire and negotiations to halt the slaughter, many believe the UN's presence in Rwanda would be futile.

Having withdrawn its peace-keepers when the butchery began seven weeks ago, the UN faces charges of providing too little, too late.

In the eyes of the Tutsi-led rebel movement, the UN's reputation has been tarnished by its decision to abandon civilian Tutsis to their fate. At the same time, government forces accuse the UN of allowing the rebels to shelter behind UN positions as they advance with their assault on the capital. This may explain why the UN garrison in Kigali came under fire this week.

Sandwiched between the warring parties, the UN forces in Rwanda, like their ill-fated colleagues in Somalia, risk losing their neutrality, and therefore their effectiveness.

Both the Rwandan army and the RPF have said they would fire upon UN troops if they got in the way of the fighting.

Australia was yesterday the latest country to decline a UN request for specialist troops, including engineers, signallers and medical teams, saying it would not send soldiers to Rwanda until their safety could be assured.

In Nairobi, Mr Theogen Ruvasingwa, the secretary-general of the RPF, cast doubt on the UN's ability to alleviate the suffering in Rwanda.

"The UN's first response was to pack their bags and go. The latest UN response has come too late," he said. "The UN will not be able to restore law and order in Rwanda. That is the task of the RPF."

Mr Ruvasingwa pledged to continue fighting until "the machinery responsible for the genocide in Rwanda is totally crippled". The tardiness of the UN response, and doubts about the effectiveness of a military intervention, have prompted certain African nations to mediate a political solution to the Rwandan conflict.

Tanzania, which is sheltering more than 300,000 Rwandan refugees, has twice failed to bring the warring sides together in the past month. Plans to hold a summit of regional heads of state next week have also been postponed, according to Mr Shani Lweno of the Tanzanian foreign ministry.

"We are holding more consultations; there are no easy answers to the Rwandan conflict," Mr Lweno said yesterday.

Diplomats in the region, however, believe the RPF is unlikely to agree to a new peace accord while it retains the military advantage.

But a rebel victory would not necessarily allow it to govern. The Tutsi-led RPF would have difficulty imposing its rule on the majority Hutu population in the wake of the slaughter of hundreds of thousands of Tutsi civilians by Hutu militias. Even Hutus who have not been involved in the tribal bloodbath fear Tutsi retaliation.

Although the Rwandan conflict has the potential to destabilise neighbouring Burundi, Tanzania and Uganda, all of which have populations of ethnic Hutus and Tutsis, regional governments have ruled out an African military intervention to end the conflict.

Mark Suzman adds from Johannesburg: In his state of the nation address yesterday South Africa's President Nelson Mandela mentioned Rwanda, as well as Angola and Mozambique, as countries where South African assistance might help the peace process.

However defence and foreign affairs officials are known to be strongly against military involvement in the conflict and a government press secretary, who last week implied that South Africa was on the verge of sending troops to Rwanda, was publicly reprimanded.

Stampede kills 200 pilgrims

About 200 Moslems have died in a stampede during the annual haj pilgrimage to Mecca in Saudi Arabia, Reuter reports from Dubai.

The deaths occurred on Monday during a ritual in which pilgrims go to Mina, 15km from Mecca, to throw stones at three piles of rocks which symbolise the devil.

It was not clear what triggered the stampede. Most victims were said to be from Pakistan, Afghanistan or Africa.

The official Saudi press agency quoted the Ministry of Health as saying 829 pilgrims had died during the haj of old age, heart ailments and other causes, including an unspecified number killed by "intense crowding".

This year's haj has also seen confrontations between the Saudi authorities, who ban all political activity at the pilgrimage, and Iranians determined to hold political rallies.

PEOPLE

Leathes joins board in Warburg reshuffle

Simon Leathes, 48, chief financial officer of S G Warburg, has joined the board of the S G Warburg Group. His promotion is the latest sign that the next generation of managers is moving into place at Britain's biggest merchant banking group.

Leathes, a chartered accountant who joined Warburg in 1980 from Coopers & Lybrand, effectively replaces Michael Gore, 56, who had been finance director since the formation of the group in 1986. Gore, who remains a group vice chairman, handed over most of his financial responsibilities to Leathes just over a year ago when he moved to Tokyo to head the group's Asia/Pacific business.

Although Sir David Scholey, 58, continues as chairman of the S G Warburg Group, several of the senior figures involved in the 1986 merger of Mercury Securities, Akroyd & Smithers, Rowe & Pitman and Mullens & Co, have retired.

Peter Stormonth Darling, 61, who headed the Mercury Asset Management business for many years, retired last year and handed over to Hugh Stevenson, 51. Next month, Peter Wilmot-Sitwell, 59, former senior partner of Rowe & Pitman, retires as chairman of S G Warburg Securities and a vice chairman of the group.

He will remain a non-executive director but hands over the chairmanship of S G Warburg Securities to Nicholas Verey, 51, the deputy chairman. Verey, whose cousin David heads Lazard Brothers, is a former Rowe & Pitman partner.

Meanwhile, Dutchman Herman van der Wyck, 60, is handing over the chairmanship of S G Warburg & Co, the merchant bank, to Derek Higgs, 50, the deputy chairman. Van der Wyck remains a vice chairman of the group and becomes chairman of S G Warburg International, a newly-formed company which will concentrate on the development of the group's international business.

Why Rogerson will need more energy at British Gas

Philip Rogerson, finance director at British Gas, was yesterday given strategic responsibility for British Gas TransCo, the new corporate entity into which the transportation and storage division of the company has been placed.

His appointment is the first of a number of such moves which will result in British Gas executive directors being given responsibility for a portfolio of operations.

The moves are part of a wide-ranging restructuring of British Gas in preparation for the phased introduction of domestic competition from 1996.

Rogerson, who was brought into the company in 1992 from ICI, said he welcomed "direct involvement" in the operational side of the business. He hoped his new role would allow him to bring greater "financial discipline to commercial decisions".

Harry Moulson will continue as managing director of TransCo, with day-to-day responsibility for its operations, while Rogerson concentrates on strategic issues.

Rogerson described TransCo as the "backbone" of British Gas operations, and the core of its business profitability. There was no linkage between his appointment and recent market rumours that British Gas is considering divesting the gas trading and divisions, he said.

Rogerson will continue with his current financial responsibilities until a successor can be named, probably within a "few months".

■ **Michel Urbain** has been appointed président directeur général of Cogetex-Sotexa, part of COURTAULDS TEXTILES.

■ **Lawrence Jackson**, md of VOLEX Wiring Systems, has been appointed to the group board.

■ **Richard Medus** has been appointed md of Sky Sites, part of AVENIR HAVAS Media; he moves from Mills & Allen.

■ **Charles Ryder**, group md of sales, marketing, design and product development, has been appointed to the board of CLAREMONT GARMENTS (HOLDINGS).

■ **Michael Ward**, former group finance director of H.P. Bulmer Holdings, has been appointed finance director of LLOYDS CHEMISTS.

■ **George Plant**, chief executive of BARDON Roadstone, has been appointed to the group board.

■ **John McCann**, formerly group vice-president of The Crane Company, has been appointed ceo of STAVELEY INDUSTRIES' weighing & systems group, based in Connecticut.

Sweeney looking to raise BBA's profile

Being the public face of British banks might be thought an unattractive task, given the degree of opprobrium the industry now attracts. Yet Tim Sweeney says he was keen to become director general of the British Bankers' Association.

Sweeney, a 49-year-old career Bank of England man, will take over from Lord Inchyra, the current director general, who retires at the end of September after six years. He says that he has yet to decide how to develop the association.

Providing a stronger public lobbying voice for banks will be an important part of his task, since some BBA member banks have looked enviously at the comparatively high public profile achieved by the Building Societies Association.

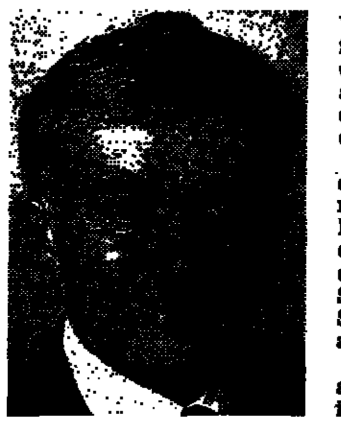
The BBA was formed in 1919 as a forum for the banks in the august forum of the Committee of London and Scottish Bankers to talk to their provincial counterparts; it became the main UK banking body when the CLSB disappeared in 1991.

Lord Inchyra oversaw that reform, and the abolition of two-tier membership two years ago to allow foreign banks parity with the UK ones. "The interest and loyalty of some of the foreign banks was starting to wear a bit thin," says Inchyra.

Running the BBA involves an assortment of duties, from carrying out research and lobbying for its 320 members, to providing a voice for British banks. The latter role has grown in importance as criticism of banks has intensified.

Sweeney, who is currently responsible for deploying and developing the Bank's graduate staff after spells in banking supervision and in money markets, says he feels "the voice of banking deserves to be heard".

Gurr's taskforce of one sets sail



What does life hold in store for a man who stops being chief executive of a Training and Enterprise Council? He could always become chief executive of a set of islands.

Indeed, Andrew Gurr, chief executive of the North and mid-Cheshire Tec, is to take up his new post as chief executive of the Falkland Islands government, in Port Stanley in September, replacing Ronald Sampson, who has completed an extended five-year contract.

Gurr, 49, who joined the Tec after spending many years in industry, says that running a Tec demands a complex range of skills which are applicable to his new job. "The key to the job is running the government as a business, while stimulating local entrepreneurship and ensuring sustainable growth in the economy," he says.

The Falkland Islands government selected Gurr – who will assume the role of acting governor when the governor is absent from the island – from over 250 applicants; it says it considered that he met the requirements of the Islands' rapidly evolving economy and society.

Lloyd's says it will pass solvency test

By Richard Lapper

Lloyd's of London will pass its annual solvency tests later this year despite recent losses, Mr Peter Middleton, chief executive of the insurance market, told yesterday's annual meeting.

Mr Middleton told the meeting – which was low key in comparison with some recent gatherings – that he had "no doubt at all" Lloyd's would be able to pass the tests in August. "We are going to be able to pass. We have been through the methodology with the Department of Trade and Industry and they are comfortable with the way we are proceeding," he told some 1,350 Names, the individuals whose assets have traditionally supported the market.

He said Lloyd's had used computers to forecast the impact of the 1991 loss on Names. Losses for the 1991 year – reported last week in line with its three-year accounting system – amount to £2.05bn, and have led to repeated allegations by critics that the market's ability to pass solvency will be impaired.

Cumulative losses since 1988 amount to about £7bn and Lloyd's expects to report a fifth consecutive year of losses when it announces its results for 1992 next year.

The market must pass two solvency tests each year. The first, which Mr Middleton described as "the more critical in the eyes of the DTI", compares the overall level of premium income received by the market with its reserves. The second matches the assets and liabilities of individual Names with any shortfalls "earmarked" from the Central Fund, which pays claims when Names cannot meet obligations.

Mr David Rowland, Lloyd's chairman, said its 1991 result showed the "beginnings of an improving trend which will carry on through 1992 to good profits in 1993".

The meeting was also told that Lloyd's was exploring how Names forced to reschedule their debts through so-called "hardship" arrangements could have direct access to any compensation won from legal action against their agents.

Names in hardship transfer all their assets to Lloyd's but are allowed to retain a "modest" income and home. In return they hand any recoveries from legal action to Lloyd's.

● A former underwriter yesterday contradicted testimony he had given to an internal inquiry into the heavy losses of the Gooda Walker syndicates at Lloyd's.

Mr Anthony Willard, lead underwriter for Gooda Walker syndicate 299 during most of the 1980s, said in the High Court that information he had given to a loss-review committee investigation three years ago was "nonsense". His evidence came in the second week of a case brought against Gooda Walker by 3,095 of its lossmaking Names.

Superbug horror infects imagination

By Clive Cookson

Mutant flesh-eating superbugs, capable of killing a healthy adult within hours, are rampaging through Britain. Or, to put it another way, the media is indulging in one of its periodic frenzies of terrifying the public with a medical horror story.

The facts feeding the hype are that seven people in the Gloucester area of west England have suffered a virulent infection by an unusual strain of Streptococcus A bacteria this year. The infection causes "necrotising fasciitis", a condition similar to gangrene which rapidly destroys tissue. Three people died, three recovered after surgery and antibiotic treatment, and the seventh, a 45-year-old woman, is in a critical condition in hospital.

Publicity about the cases, combined with an official alert issued by the government's public health laboratory, has brought reports of at least six more cases of necrotising fasciitis – three fatal – in other parts of Britain.

Health officials said fears of a horrifying new epidemic were misplaced. Dr Christopher Bartlett, director of the Communicable Disease Surveillance Centre, said: "Public anxiety should be allayed by the fact that we have examined all indicators of streptococcal infection in the country and these are demonstrating no change in either numbers or patterns of infection."

But scientists believe the emergence of antibiotic resistance in bacteria may be giving virulent strains scope to evolve.

Tony Blair yesterday: Labour wants social action as the route to individual opportunity, he said

Photograph: Tony Andrews

Blair sets up stall to sell his ideology

It was a curious venue for the man who may be the next leader of the Labour party.

In the neo-something splendour of a Westminster hotel ballroom in London, Mr Tony Blair faced an audience of academics, social workers and community police officers. His host was the free-market think-tank, the Institute of Economic Affairs. His subject: crime and the family.

Mr Blair had made it clear that his first speech since the death of John Smith, former party leader, was not to be seen as the opening shot in his leadership campaign. Formally at least, that must wait until after the European elections.

But Mr Gordon Brown, his friend and rival for the modernisers' ticket, had already staked out his claim in a weekend speech to the Welsh Labour conference.

Mr John Prescott, determined to stand as a candidate of the left, will do the same in an address tomorrow to the Prison Officers' Association.

So the narrow remit of his subject and his feigned irritation with the television cameras did not prevent the 41-year-old shadow home secretary from setting out his ideological stall.

Mr Blair's reputation as one of Labour's leading "modernisers" rests on his efforts during the past few years to construct a new philosophical compass for the party.

Like Mrs Margaret Thatcher in the 1970s, he judges that if a political party puts in place a firm strategic framework for its ambitions, the detailed policymaking tends to look after itself.

His thesis yesterday was straightforward. For the past 15 years the prevailing ideology had been one that promoted the interests of the individual above everything else. It has been based on a fundamental flaw.

Thatcherism,' Mr Blair contended, missed the point that the individual cannot escape from the environment in which he or she lives. Unfettered liberalism produced an atomised society. Mass unemployment, crime, drug abuse, poor education and poverty were all signs that the social fabric had been ripped apart.

Mr Blair offered the Labour modernisers' prescription. It was not a return to the centralist collectivism of earlier stages of socialism: "The task of the left is not to replace this crude individualism with old notions of an overbearing paternalistic state."

Nor was it based on the simplistic notion that blame for anti-social behaviour could be pinned on unemployment or poverty. Rights brought responsibilities.

Instead, Labour wanted social action – through private sector and voluntary, as well as government initiatives – as the route to individual opportunity. Housing, education and social policies would be tailored to that central ambition. The audience applauded warmly. Mr Blair must hope his own party will be as receptive.

Philip Stephens

Executive pay 'should reflect long-term results'

By Norma Cohen, Investments Correspondent

Executive directors' contracts should bar them from receiving payment if they are dismissed for poor performance, a leading shareholders' group urged yesterday.

The Association of British Insurers, whose members make up a big portion of UK institutional investors, makes the suggestion in guidelines designed to encourage linking executive pay with a company's long-term performance.

Among other guidelines, the ABI suggests that executives should have to wait a minimum of three to five years before being allowed to exercise share options and that contracts should require that a portion of cash bonuses should be used to buy company stock.

"Remuneration committees have a central role and responsibility in requiring that demanding targets be set in such schemes and that the rewards relate realistically and responsibly to performance in the context of such targets," the ABI said. "If the remuneration committee appears to fail to measure up to its responsibilities, shareholders should quite properly ask for comment or explanation."

The guidelines urge annual review of bonus arrangements even for longer-term contracts and full disclosure of the terms to shareholders.

Criticism of executive pay has focused not only on the very high rewards involved but also on the structure of remuneration packages which grant substantial amounts for short-term share price improvements. Shareholders have argued that significant cash bonuses based on a single year's improvement do little to encourage companies to invest heavily their futures.

"Any board that wants to look at the long-term performance should welcome these guidelines," said Mr Huw Jones, chairman-elect of the ABI's investment committee.

Bonus arrangements which link cash awards to a single year's improvement in say, earnings per share, could discourage executives from investment in research and development, he noted.

The guidelines, developed over two years after consultations with leading industrialists, were also endorsed by the National Association of Pension Funds, the other leading UK shareholder group.

Some members of the NAPF said they would have preferred to see the guidelines go further and bar executives from "rolling" contracts which renew automatically every three years. The NAPF also prefers to executives sacked for poor performance be paid over a long period so they can be stopped if alternative employment is found.

Immigration rules eased for the rich

By Roland Rudd

Foreign millionaires willing to invest in Britain will be allowed to bypass the usual immigration rules to enter the UK, the government has announced.

Mr Charles Wardle, home office minister, said the government planned to create a new category for "entrepreneurial investors" to boost investment in the UK. Overseas investors who prove they have £1m at their disposal and agree to invest £750,000 in government bonds, shares or corporate bonds will be allowed to enter the UK for a year.

They will have the opportunity of extending their stay for three years, and then indefinitely, if they can prove they have invested the necessary funds.

Investors and their dependants must also be able to live in the UK without taking employment, other than in their own businesses, or seeking public funds.

However, the changes, which come into force in October, were attacked by the Labour party which said they would benefit millionaires to the detriment of ordinary people.

Mr Graham Allen, Labour's shadow home office minister, said: "Under these arrangements, if you are a millionaire, you will get in. If you are an ordinary person, a husband trying to reunite with his wife, for instance, it is a lot tougher."

Minsters accused Labour of being "fundamentally anti-business" in opposing the measures which they said were designed to promote investment.

However, some Tory backbenchers privately voiced "strong reservations" about the changes and said they would ask the Home Office for guarantees that it would not allow any millionaire to enter the UK irrespective of his or her background.

Britain in brief

Minister sees early end to Malaysia ban

The British and Malaysian governments are "definitely on the way to solving" the trade rift between the two countries, Mr Richard Needham, trade minister, said yesterday.

At the end of February, Malaysia imposed a ban on giving government contracts to British companies in retaliation for critical reports in the British media about the Kuala Lumpur government.

"They went out of their way to make us welcome," said Mr Needham, after meetings in Malaysia with with senior officials. "They even offered us scones and cream tea. It was real strawberry jam. We are definitely on the way to solving the problem."

Mr Needham, who arrived on a surprise visit on Monday, said it was not a question of whether the ban would be lifted, more a case of when. He is due to report back to London today. Malaysian officials also feel that the ban on British companies will be lifted "in a matter of weeks rather than months", according to one senior finance ministry official.

Malaysia has been one of the biggest markets in the Far East for British goods and services in recent years. When it imposed its ban the Malaysian government said that up to £4bn worth of contracts with British companies could be affected.

Mr Needham has met Dr Mahathir Mohamad, prime minister, Mr Anwar Ibrahim, deputy prime minister, and Mrs Rafidah Aziz, trade minister, and brought a letter from Mr John Major to Dr Mahathir.

Sea Containers plans rail bid

Sea Containers, the container and Hoverspeed ferries group, plans to bid for two British Rail franchises, but on terms which fall outside the government's guidelines.

The group would make its offers conditional on obtaining a long lease on the rail track concerned and on acquiring its own rolling stock. Bids on these terms would be regarded as "non-compliant" but would still have to be considered.

Normally the government would require train operators to rent track from Railtrack, the company created to own track and signalling. It also expects most operators to lease their rolling stock.

Sea Containers is considering bids for BR's franchises which would complement Sea Containers' ferry operations between the mainland and the Isle of Wight off the south coast.

IT spending increases

A majority of financial services companies will increase spending on information technology this year for the first time since 1989, in spite of substantial project failures, a survey by the consultancy Price Waterhouse has found.

The survey of 82 organisations including banks, building societies and insurance companies with annual IT budgets ranging from under £5m to more than £10m found that 57 per cent expected to increase their rate of spending on IT. Last year only 30 per cent predicted a rise in spending.

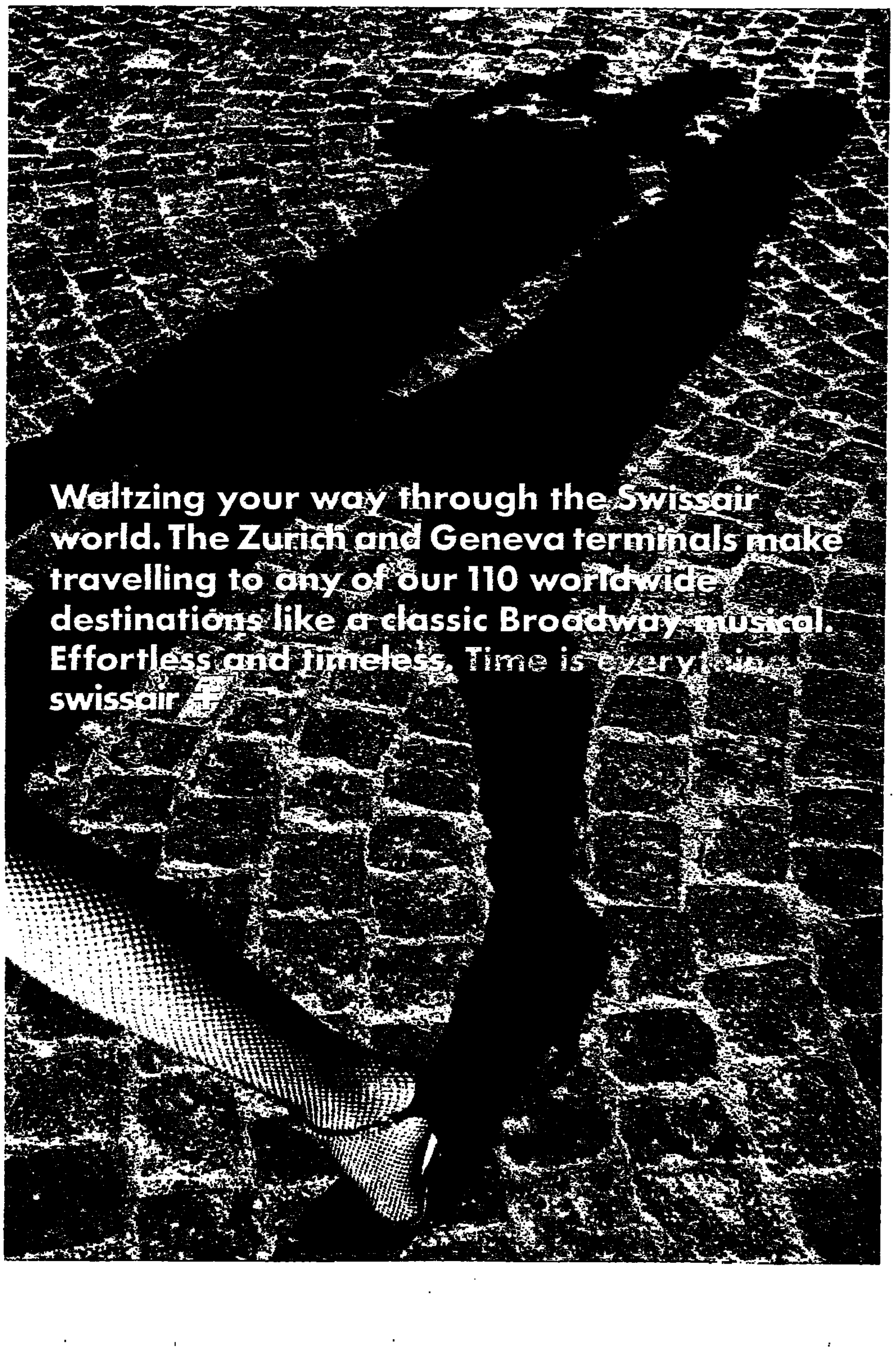
Premiers to discuss Ulster

The British and Irish prime ministers are to meet at Downing Street tomorrow to review cross-border security and progress on their Northern Ireland peace initiative.

The meeting follows a renewed surge of violence by both the IRA and loyalist paramilitaries in Northern Ireland, and a failed but potentially devastating bomb attack in Dublin last weekend by the loyalist Ulster Volunteer Force.

Polly Peck probe outlined

The Joint Disciplinary Scheme, the accountancy profession's highest regulatory body, has formally announced an inquiry into Polly Peck International, the collapsed conglomerate controlled by Mr Asil Nadir. The scheme will examine the professional and business conduct, efficiency and competence of Stoy Hayward, the accountancy firm which was auditor to Polly Peck.



Lonrho's private army has shown how a company can protect itself in the face of war, finds **Leslie Crawford**

When managers carry guns

During Mozambique's 17-year civil war, which finally ended with the signing of a peace accord in October 1992, the toughest battalion belonged to neither the government nor the insurgent rebel forces. Commanded by Gurkhas, it was recruited by Roland "Tiny" Rowland to guard Lonrho's vast cotton estates in an even vaster and lawless land.

As Mozambique's biggest foreign investor and partner of Samora Machel's Marxist government, Lonrho's $80m-operation (£53m) was an obvious target for rebels.

The Mozambique National Resistance (Renamo) had already crippled much of the economy: electricity pylons were blown up; railways sabotaged; land mines made travel impossible along many routes; whole villages were burned and their men marched into the bush.

With government forces fully engaged in fighting Renamo, private farmers had no choice but to organise their own security. In the Limpopo Valley, great triple stacks of concertina wire surrounded Lonrho's 2,000-ha cotton farm at Chokwe. Watchtowers and tanks guarded the perimeter. The main buildings became fortresses. "All our managers were used to farming with a gun on their back," says John Hewlett, Lonrho's managing director in Mozambique. "They were mostly Boers or white Rhodesians, and they were excellent at their jobs."

These battle-hardened managers were backed by a militia of 1,400 men. Every morning, Hewlett recalls, tractors on the Chokwe estate would leave in convoys of five, guarded by 50 militias. The farming was planned with military precision.

Routines were changed daily to foil surprise attacks. The working parties maintained constant radio contact with their headquarters during their solitary expeditions into the cotton fields. Despite the war, Chokwe's 2,000ha of irrigated farmland achieved Africa's highest cotton yields in 1989: 20,000 tonnes were produced.

Lomaco, the joint-venture with the government, also became the biggest tomato grower in the southern hemisphere. At a tremendous cost. Hewlett says Lonrho's security outlays in Mozambique consumed 30 per cent of the company's operating costs – about $1m a year, not counting production losses due to sabotage.

Lonrho also operates a pipeline in Mozambique, which supplies Zimbabwe with 95 per cent of its fuel. During the war, it was guarded by Zimbabwean troops. "But we had the best-trained force in the country," Hewlett says of Lonrho's private army. "Occasionally there were full-blown battles with Renamo. Once 16 guerrillas were killed."

One attack in the early 1990s, however, changed Hewlett's mind about the feasibility of running militarised farms in a civil war. The rebels came at dawn, 200-strong. They drove a herd of cattle towards the perimeter fence, raising clouds of dust. A tree was hurled over the barbed wire, the cattle surged across in a wild stampede, and the rebels charged in.

In a matter of minutes Renamo blew up $500,000 of chemicals and irrigation pipes. Offices were torched; trucks doused with petrol. Hewlett later found his radio operator burned to death at his station. "I realised then that we couldn't fight them any longer," Hewlett recalls. "I took photos of all the death and destruction and showed them to Tiny at a board meeting in London. I told him: the war has to stop."

There are those who believe that peace would not have returned to Mozambique had Lonrho not been involved. Rowland is credited with arranging the first meeting between Joaquim Chissano, who became president after Samora Machel's fatal plane crash in 1986, and Renamo leader Afonso Dhlakama. Shortly after their talks in Gaborone, the capital of Botswana, a peace accord was signed in Rome.

Against all expectations, the agreement has held. The country is due to hold its first multi-party elections in October. Now that the war is over, Lonrho is at least making money out of Renamo's attempts to transform itself into a respectable political party. Many of Renamo's cadres are being housed in Lonrho's Cardoso Hotel in Maputo, at the United Nations' expense.

Lonrho has also supplied Renamo with vehicles, computers and office equipment. The company Gurkhas are being employed as sappers in another fast-growing business: the clearance of land mines. Nobody knows how many lie beneath Mozambique's roads and fields – estimates vary from several hundred thousand to 2m.

Lonrho is one of the companies involved in mine clearance, and a start has been made on routes essential to the distribution of humanitarian aid.

Dizzy pace of change

The trend for UK companies to allow their subsidiaries greater autonomy looks set to continue. But the move to political correctness in the boardroom is proceeding at an even dizzier pace.

This emerges from a survey of company structures and group management styles among 270 finance directors of leading UK quoted companies by the venture capital group 3i.

The report* says most respondents (71 per cent) identify their companies with the "strategic control" model, where short-term financial performance and long-term strategies are of equal concern to the centre; 16 per cent said that their management style could best be characterised as "financial control" (the centre's primary role is to set strict financial targets while delegating strategic decisions); and 15 per cent said they had adopted a "strategic planning" model (where the centre aims to shape the strategies of the group as a whole).

A surprising issue raised by the research is how to describe these "increasingly autonomous operating companies". The authors say "the term 'subsidiary', though accurate, is no longer 'politically correct'". The reason why, however, is left to readers' imagination.

As for future corporate trends, most respondents expect a cut in the size of head offices; a majority now employ less than 1 per cent of their total staff at headquarters. Further elimination of middle management tiers is predicted; as is the growing need for managers to be technically qualified and the need to build structures and training.

Improvements in information technology will "allow more control" but "require greater accountability of operating companies".

Tim Dickson

* *Available from 3i, 91 Waterloo Road, London SE1 8XP*

Prunes can be good for you

David Blackwell reports on a Yorkshire recipe for long-distance takeovers

Running a prune production operation in California from a converted silk mill in Bradford, England, might seem a recipe for disaster.

But it was thanks largely to the acquisition of the Californian dried fruit business of Del Monte last July that Yorkshire Food Group, the UK food processing company, almost doubled its pre-tax profits to £5.1m in its first year as a public company.

"We were not fazed by 5,000 miles," insists Mike Firth, 47, Yorkshire Food's chairman and chief executive, who has built the group from a sugar packing operation started in 1974 with a £3,000 bank loan.

Given the distances involved, Yorkshire was determined to do its homework from the outset. The company spent £2m on professional fees – and sent an acquistion team to Fresno – to investigate the prospective Dried Fruit purchase in early 1993. "When we arrived with our management team which was formed during the negotiations, we knew more than anyone in Del Monte – people were asking us the questions," says Firth.

Once inside, Yorkshire started imposing a proper business structure on a company which hitherto had been supplying dried fruits into the American Del Monte sales and distribution system (and as such formed only 5 per cent of the fruit giant's operations).

Yorkshire put in a team of five, including David Morgan, chief financial officer, who was to remain for two years. It concentrated on the financial, systems and logistics sides of the business.

The priority was to install a financial reporting system. Yorkshire quickly discovered, though, that often the best way to learn is through experience. Faced with one of the worst prune crops for years, the new owners were forced to meet demand by buying in supplies from Bulgaria, Chile and Argentina.

"The nice thing about having a few problems is you get to know your business a bit better and you also get the chance to see how people react to those problems," says Firth. The group has now spread the source of its prunes across all three of the growing areas in the San Joachim Valley, minimising the risk of crop failure.

Yorkshire, however, avoided the temptation to try to change everything. Allan Giddings, divisional director of the US operation, points out that the group has not tried to impose UK sales practices. "We have kept the US sales team – we are not saying this is how to sell, this is who you should sell to." Furthermore, Yorkshire surprised the US farmers by showing them its accounts.

"We displaced gossip and rumour with hard financial fact. Then Allan rolls up and takes them their cheque in person," says Paul Haley, Yorkshire's finance director, adding that a US chief executive, based in New York, would be unlikely to turn up at a farm.

Yorkshire, which was floated on the stock market in March last year, was no newcomer to the takeover business and had learned lessons from its previous experience.

It had moved seriously into the fruit and nut sector with the £12m purchase of Scotia Haven, Berisford International's loss-making dried fruit packaging business in Warrington in 1991. Here it had sent in an acquisition team of five for six months: by the time it left, £7m had been taken out out of working capital through reduced stocks and improved efficiency.

Yorkshire was also already in California, having bought Treehouse Farms, Berisford's Californian almond processor, in 1992. The acquisition of Treehouse marked a move into downstream processing, with manufacturing plant to clean and cut the almonds. A roaster has since been added.

Despite being described by Firth as "a relatively simple business", Yorkshire believes in keeping a close eye on the operation. Giddings, who spent six months in California when Treehouse was first bought, now spends 10 days in every month there.

Yorkshire has tried to motivate Treehouse's existing management by making its members feel part of the Yorkshire team. The latter's ethos is strongly quality driven. Both Giddings and Firth have operational backgrounds from Mars, which they believe gave them a global perspective and a strong insight into customer needs.

"It's not just price and production – we have to talk technology," says Giddings. The added value of the company's products lies in ensuring the ingredients supplied are of top quality, he says. Technical teams from Cadbury, Safeway and other customers have visited the Del Monte operation to ensure that there will be no stones or stems in the product.

The group is also using computer technology to reduce the distance between its operations. It is close to having a full network information system which will enable staff at head office to look into any of its companies' financial positions in real time. Firth says Bradford will then be as immediate as the local management, able to send a fax to reach California before staff there arrive for work.

Energy efficient tomatoes

When Cantelo Nurseries, one of Britain's biggest tomato producers, wanted to save on its huge energy costs, it turned to the country with supreme expertise in glasshouse production – the Netherlands.

Herman Van Den Ende, a Dutch consultant, was brought in to design an energy-efficient system for the Taunton-based glasshouse that produces 2m kilos of tomatoes a year.

The system, which stores waste heat from day-time use to heat the tomato plants during the cooler night hours, won Cantelo a £500 award for energy management this week from Adas, the UK government's agricultural development and advisory service, as part of its campaign to cut the £320m annual energy bill on English farms.

Horticulture accounts for by far the largest bills in the agricultural sector because of the high costs of heating greenhouses. Cantelo's annual energy bill amounts to just over £200,000, or about 30 per cent of its non-labour running costs. But Van Den Ende says this would have been 15 per cent higher before the installation of flue-gas condensers that are attached to the gas-fired water boilers to recapture most of the heat that would otherwise escape.

Tomatoes need temperatures of about 20°F by day and 15° °at night. Because of the storage system, the nurseries can afford to burn more heat during the day to produce more of the carbon dioxide that the plants require to grow – and thus increase production.

"We should get a 5 to 10 per cent increase in yields," says Kevin Hamilton, general manager.

Smaller farms might not want to invest in new equipment to save energy, but that does not matter, according to Adas. "Simple economy measures can lead to energy savings of 10 per cent or more," says Gareth Ellis, energy consultant.

Alison Maitland

Inshore exploration in Poole Bay: Elf Enterprise has observed many of the environmental conditions set by the government

A last resort by the seaside

As oil companies drill closer to land, **Robert Corzine** looks at how they are stepping up safeguards

Santa Barbara is not one of the twin towns listed on the sign outside the municipal limits of Christchurch, one of the prosperous resort and retirement communities which line England's south coast.

But an event that took place off the US west coast 25 years ago has a particular relevance to residents of environmentally sensitive seaside areas in the UK such as Christchurch. In 1969, a blow-out at an offshore production platform left 30 miles of beach near Santa Barbara, one of southern California's main tourist destinations, covered in oil pollution.

The impact of the spill on public opinion was such that development of the state's rich offshore oilfields was curtailed for decades, while the political fallout from it is felt even now. Hazel O'Leary, US energy secretary, recently confirmed that residents of coastal states still have a virtual veto over new offshore oil developments.

The Santa Barbara spill has also had a lasting effect on how the international oil industry operates in sensitive coastal areas, including those in the UK. Over the next few years, oil companies plan to increase inshore exploration drilling, encouraged by coastal discoveries such as the Wytch Farm oilfield near Poole in Dorset and the Liverpool Bay natural gas field. In last year's 14th licensing round, the government included a large number of inshore blocks, many of which are located near well-known coastal beauty spots, important fishing or breeding grounds, or in areas which support endangered species.

But the special requirements of operating inshore often conflict with established ways of working in the North Sea, according to Geoff Nicholson, manager of near-shore exploration projects for Elf Enterprise, a joint venture between Elf Aquitaine of France and Enterprise Oil, the biggest UK independent. It has been active in Poole Bay on the south coast and is about to begin exploration in the Irish Sea, 15 miles off Anglesey.

"The industry likes to move fast and with few constraints," he says. In the North Sea, the sudden availability of a drilling rig at an attractive rate can cause companies to alter plans overnight. In the exploration phase, oil companies also tend to operate at an arm's length through specialist contractors.

"But you can't operate like that inshore," says Nicholson. "Long periods of consultation with local governments and community groups are necessary before actual operations, such as seismic surveys or drilling, can begin."

Senior Elf executives say it is as important to understand the "geo-political aspects" of England's south coast as it is of south Yemen or the other remote locations in which the oil industry operates.

Elf's emphasis on the careful identification and cultivation of community groups is no accident. In 1992, its initial exploration efforts in Poole Bay ended in angry confrontations at sea between seismic survey ships and local fishermen.

The company had reached an early agreement on compensating those who fished for crab and lobster. But it struggled to reach an understanding with the trawlermen. "We first had to define who was a fisherman," says Nicholson. "In the winter someone might be a painter and decorator, but in summer they might do a little fishing."

In addition, some political pressure groups saw the chance to use Elf's dispute with the fishermen to their own advantage. Elf eventually had to pay out more than £1m in compensation to the fishermen. "We had to solve the dispute on the run and in a very unsatisfactory way," concedes Nicholson.

The problems of dealing with 10 different fishing associations persuaded the company to set up and fund a forum in which to channel problems. It also provides a mechanism for arbitration.

The fragmented nature of the fishing industry made it the most difficult for Elf to deal with. But many other groups also saw the company as a threat. Some were concerned that even the hint of an oil spill offshore in summer could do long-lasting damage to the area's important tourist industry. Others simply did not want oil companies operating in their back yard. "I don't care if you drink your bloody oil," was the attitude of one resident at a public meeting.

Late last year, Elf drilled an exploratory well, the results of which it has yet to divulge. The licence for Poole Bay was issued in an earlier round, but Elf observed many of the environmental conditions set by the government for 14th round licences.

Seabed studies were carried out both before and after drilling to determine if there was any damage to marine life. A narrower than usual well was specified to cut down on the amount of rock cuttings brought to the surface. Water-based drilling muds were used when possible in preference to oil-based ones to lubricate the drill bit.

Rock cuttings brought to the surface were cleaned before being dispersed over a wide area – rather than piled on the sea bottom – to avoid smothering fish feeding grounds. And the normal stand-by safety vessel was augmented by one carrying a chemical dispersant and booms to contain any spills.

Local officials say such precautions have made inshore exploration drilling acceptable to the public. But they say the prospect of permanent platforms within sight of land is no more acceptable now than in 1988 when a British Petroleum proposal to build an artificial island off Wytch Farm to tap the offshore extension of the field triggered a storm of protest along the south coast.

New technology, in the form of horizontal drilling from a land base to a point more than 5km offshore, solved BP's problem. But technology is unlikely to offer a solution in all cases. At some time in the next few years an inshore discovery could be made that will test whether coastal residents in the UK have a similar power of veto as their counterparts in California.

Jane Martinson on plans to boost British Waterways Board's income

A bigger splash on the canals

The British Waterways Board, the nationalised body which runs Britain's canals, plans to turn people's desire to mess about by the river into profit.

With a leisure and tourism strategy launched by Robert Atkins, environment minister, today, the board appeals for "imaginative partnerships" to increase the money-making potential of its most popular sites.

Such developments would have to satisfy the board's commitment to conserving the heritage and environment of the land and buildings it controls, including more than 2,000 listed structures and ancient monuments and 64 sites of special scientific interest.

A private bill before parliament defines the board's statutory duties with regard to maintaining environmental conservation.

"We have to appreciate that many people enjoy going to the canals to 'gongoozle' – to simply watch the wildlife and canal life go by," says Simon Salem, marketing and communications manager. "Our aim is to increase everybody's enjoyment of this natural resource."

Another aim is to increase profits. The board earns 40 per cent of its annual running costs of £87m, the rest coming from subsidies. Profits from leisure and tourism contribute 25 per cent of that earned income, a percentage the board wants to increase. Market research has suggested there is potential for this, says Salem.

Possible developments include leisure facilities such as tea shops, small museums or playgrounds. Financial incentives will be considered for suitable proposals and extensive consultation with local interest groups is planned.

The board hopes to capitalise on the 158m visits made to British canals each year by more than 7m people. It plans to improve access for particular interest groups such as anglers and boaters and attract some of the 47 per cent of the population who live within five miles of a BWB canal.

Popular sites which regularly attract in excess of 200,000 visitors each year, says Salem, would particularly benefit from further development. "We see tourism, and particularly the day trip side, as a key growth area," he adds. "At the same time, we are aware that plans have got to be balanced. Our main aim is to conserve our heritage."

He says "sensitive" proposals would be welcomed. Fast food chains and vast car parking space would not. Plans are particularly welcome in inner cities where canals are vital "green lungs".

Today's launch follows a report on the board by the Monopolies and Mergers Commission in January which made 48 recommendations for improvement, including cost control and more active marketing of leisure facilities.

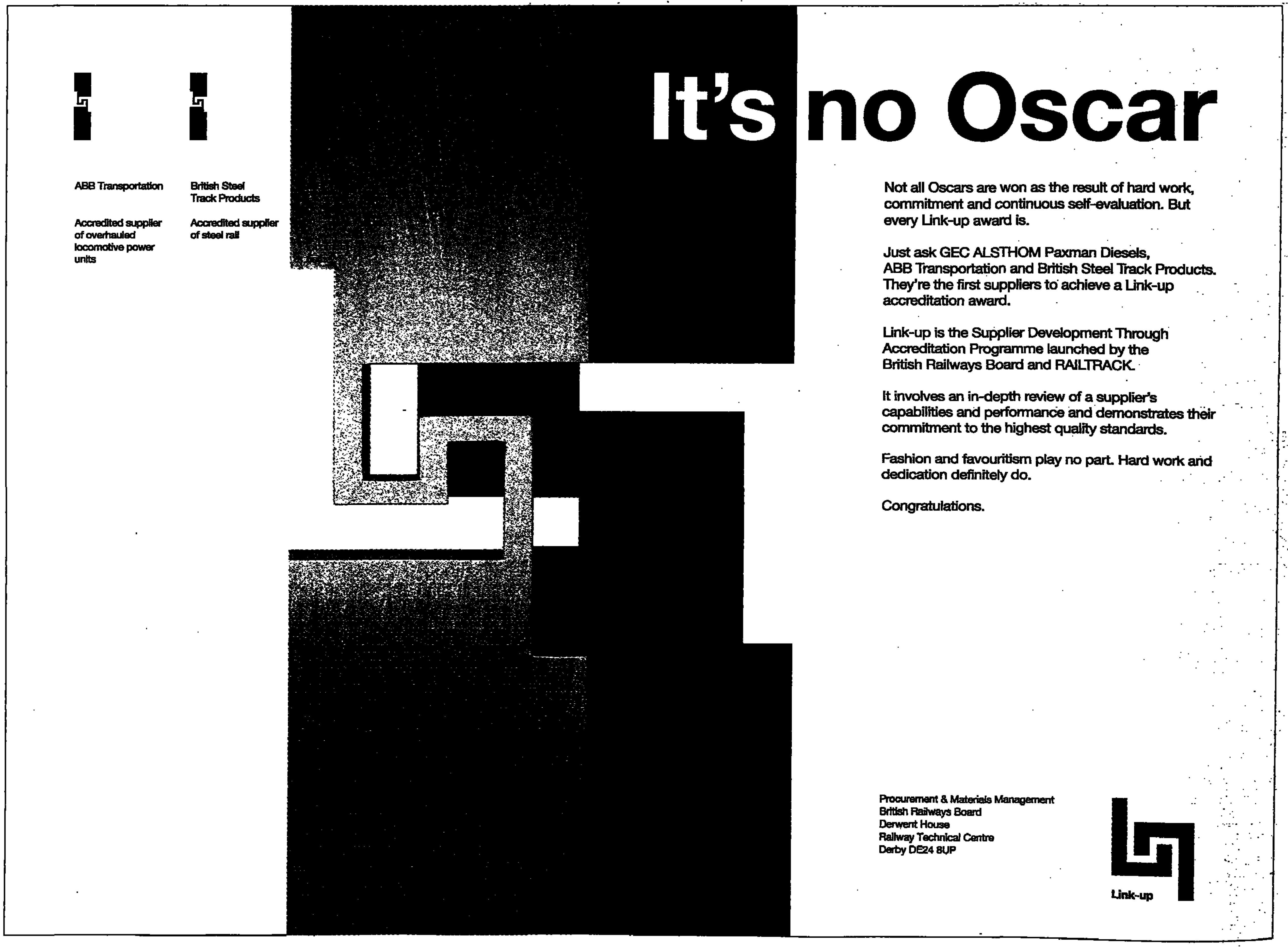
Neil Hamilton, corporate affairs minister, said: "BWB has changed from a centralised organisation orientated towards administering a grant to one developing a strong commercial outlook."

But he added that the MMC felt BWB could continue to improve its efficiency and the quality of its services, and expected BWB to be able to generate higher net revenue.

The board supplied half the funding needed for a £1.5m refurbishment of grade two listed canal warehouses in Burnley last year in partnership with Lancashire county council. The site is to be used for mixed commercial and leisure development.

In developing its strategy, the board has taken advice from the National Trust, the charity which operates a business arm known as National Trust Enterprise and which saw a large increase in membership in the 1980s. The board is considering a membership scheme which could include a magazine and lecture programmes.

Bernard Henderson, the board's chairman, says: "Of course, it's early days but we certainly think that the National Trust is a template which deserves study. We have two main responsibilities – to provide facilities for people to enjoy the environment and to improve it."



Television/Christopher Dunkley

At last: first with the news

The idea that television was about to become the mainstay of journalism and that, willy nilly, newspapers would have to turn to the provision of background material, comment and colour, was in great favour 30 years ago. Nothing very much seemed to happen, however, and the subject went out of fashion. Yet slowly television did expand its journalistic capacity and techniques, and the subject matter it was able and willing to deal with, and now (looking beyond this week's strike by BBC journalists) we are seeing the success of something awfully like the revolution discussed in the 1960s – though now nobody seems to be paying much attention.

An interesting example occurred last Thursday. At 9.30 in the *True Stories* slot Channel 4 had screened a long documentary by Nicholas Broomfield, who in a previous programme had shown himself spending a long time failing to get an interview with South African right-winger Eugene Terreblanche. Since that seemed to amuse people Broomfield used the same idea again, but this time his subject was Margaret Thatcher.

While other people got themselves onto the press list, gained access to the lunches on her book promotion tour and so on, Broomfield showed himself failing at every turn. He made the reason fairly clear: he is inept. Seeking an interview with Mark Thatcher, Broomfield was asked for his telephone number but was unable to remember the name of his hotel, let alone the phone number. His journalism comes from the "Hey mum look at me" school of studied naivety. Roger Cook, whose *Cook Report* on ITV had offered a lacklustre item on steroids earlier in the evening, sometimes seems in danger of joining the same school.

However, it was the programme after the Broomfield fiasco which was interesting. Instead of the billed item on the health service at 11.05, Channel 4 rushed into the schedule a *Dispatches Special* about Robert Black, the man who, earlier that day, had been given 10 life sentences for murdering young girls. Obviously made in preparation for the ending of the trial, the programme contained a mass of background information on Black's life and upbringing, and clear indications that he may have been responsible for many more murders. Some details of the programme's content and technique were highly questionable: did the relatives of one victim really need to hear Black's description of what he did to her? And given the emotional nature of the case was it necessary to add mood music and heartbeat sound effects? What cannot be questioned is the speed with which television brought this material to the public. No doubt the viewing figures for an unscheduled programme late on Channel 4 were low, but the fact remains that television was several hours ahead of the newspapers.

> *Viewing figures for an unscheduled programme late on Channel 4 may have been low, but the fact remains that television was several hours ahead of the newspapers*

Last night in *Assignment* on BBC2 George Alagiah, who did such admirable work for BBC News in Somalia, reported on the "reign of terror" in another African country in the 1970s when, as Alagiah said, "ethnic origin alone was enough to put you in prison" and 150,000 people were killed. Not South Africa, of course, where deaths were a tiny fraction of that figure, but Ethiopia under the regime of Col. Mengistu. This may not have been the clearest or most technically polished programme of its sort ever made, but it is the first I have seen to give a detailed account of the Mengistu pogrom. Moreover, if there has been a report with anything like this detail in the British press I have missed it.

Furthermore, although I have certainly seen newspaper reports about the activities of Dame Shirley Porter and her Conservative colleagues on Westminster City Council, I have never read an account with the detail that last week's *Panorama* provided. This was the programme notoriously pulled from the schedule immediately before the local elections, and it was not hard to see why there had been nervousness. No punches were pulled, the word "gerrymandering" was used frequently, and no viewer can have been left in doubt that the programme makers' believed there had been deliberate wrong doing.

The final sentence in commentary stated that Conservative party chairman Kenneth Baker portrayed the result of Dame Shirley's successful local election campaign as "a victory for prudent and efficient local government" but that in truth her victory "had largely been bought from the public purse". Assuming the preceding statements were all reliable, the programme certainly justified that conclusion and it is a pity that it was *not* broadcast as a public service before the local elections rather than after.

Nevertheless the most significant fact is that the BBC did not, to adopt the language of *The Bill*, bottle out. John Birt's first major task at the BBC was to overhaul, combine and expand the news and current affairs departments (to reorganise BBC journalism in other words) – and, some say, to introduce rigid hierarchical control and a uniform approach. Opponents of "Birtism" claim that it smacks of both Stalinism and Thatcherism, and that, intentionally or not, it serves the interests of Conservative governments. It would seem difficult to square that argument with the *Panorama* in question. In the long term the sheer expansion of television journalism, partly resulting from the Birt reforms, partly from the general proliferation of television, will surely prove more significant than any supposed political slant.

Yet however extensive television reporting might become, the medium would continue to be a poor relation in the world of journalism while it lacked the techniques, and to a large extent perhaps the will, to deal also in opinion. But these days even that is changing, albeit in a fairly small way so far, and chiefly on Channel 4. Frederic Raphael's attack on "rightsism" – the special rights claimed by women, homosexuals, black people and so on – in last week's *Without Walls* on Channel 4 was a particularly significant straw in the wind since it ran counter to the political correctness which tends to dominate thinking in these areas on television.

Gratifyingly there appears to be no tendency at present for television to drive newspapers out of business. But the expansion and development in television journalism discussed at such length 30 years ago does seem finally to be happening.

Opera/David Murray

Mosè in Egitto

At the Royal Opera the Midland Bank Proms, now a great institution, recommenced on Monday with a new production of rare Rossini. *Mosè in Egitto* (Moses in Egypt) was composed for the Lent season at the Teatro San Carlo in 1818. Hence its subject, and its billing as an "azione tragica-sacra" – though Rossini and his librettist Tottola had laced the Old Testament story with a conventional love-interest: a pre-echo of the *Aida* situation, indeed, but non-triangular.

In fact the work was played at Covent Garden in 1833 as a sacred oratorio, with interpolated bits from Handel's *Israelites in Egypt* (and the "love-interest" presumably trimmed). For Paris, the composer re-jigged and elaborated the piece in 1827 as *Moïse et Pharaon*, which went on to enjoy a long popularity. This time the Royal Opera has preferred the Neapolitan original, with only Rossini's 1819 additions. The production comes from Bologna, with its conductor Paolo Olmi; the Teatro San Carlo has collaborated on the version used. The director and the designer are one man, Hugo de Ana.

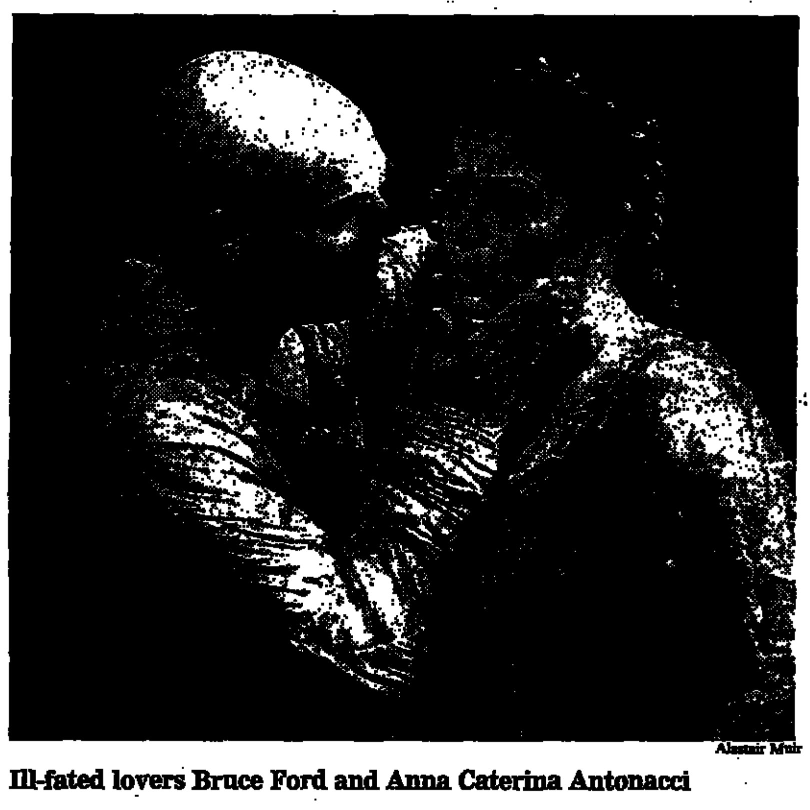
That seemed to be part of the trouble on Monday, when *Mosè* seemed excessively tame for its length. Italians understand rocky landscapes very well; de Ana's sets revel in great expanses of high-quality mock rock (never mind the visible seams, feel the depth!) and evoke an oppressively parched land. The enslaved Israelites are dressed as gypsy nomads; their Egyptian overlords have shaven heads, strangely elongated to accommodate the singers' hair under their skullcaps. (My companion remarked how much they resembled the other-planet family in Roeg's *The Man Who Fell to Earth.*)

For all the tribal confrontations, however, the director de Ana contrives little but static, formal patterns. A sinuous quartet of bare-breasted dancers enlivens the action a bit, but there is rarely any sense of real menace or danger. Nor does he give his principals much help: even in their longest and most fraught numbers, he fixes them in languid *art nouveau* poses, more decorative than dramatic. Authoritative singing and conducting might easily make up the gap – but there was the rub, at least on this first night.

Olmi was tasteful to a fault. A square beat, innocent of anything like spontaneity or urgency; the orchestral attack soft-edged (characteristically crisp Rossini dotted-notes were regularly smoothed into bland triplets); none of the stark *gravitas* that the best of Rossini's score deserves and needs. Its grandest passages involve not only some far-sighted chromatics, but bold, obsessive play with single phrases, almost symphonic – which its first audiences recognised as Teutonic "learnedness" far beyond the Italian norm. Olmi left all of that underpointed, mild, ineffectual.

At least Ruggero Raimondi's Moses enjoyed ringing support from his four trombones, though they nearly swallowed him towards the end when he was audibly tiring. His majestic declamation is still splendid; but his bass was cramped at the top, and effortful when negotiating the recurrent "turns" in his opening music. Simone Alaimo's Pharaoh – the competing bass here, younger and lighter of timbre – maintained his sharp, energetic bite all the way. He is a major asset to the show.

As his son and heir Osiride, inconveniently enamoured of an Israelite maiden, the American tenor Bruce Ford sounded merely careful and correct throughout Act 1, probably discouraged by the low prevailing temperature. It took the distraught, non-confessional Act 2 duet with his father to show this already distinguished Rossinian at full expressive stretch, secure at the risky vocal heights of his role.



Alastair Muir

Ill-fated lovers Bruce Ford and Anna Caterina Antonacci

That might have been crowned by his next duet, in abortive flight with his inamorata Elcia; but it wasn't, because his Elcia is the young competition-winner Anna Caterina Antonacci. Her soprano boasts a lovely clear ring, is beautifully even throughout its range, and gracefully adept with all the ornamentation – but so far, too carefully polished and placid to register any crises of loyalty or passion. When somebody cried "Brava!" after her main aria, I thought that kind of him; nonetheless, she still needs is a rudely demanding conductor-dramatist. Overnight, she might become a far more exciting artist.

Fortunately for the opera, we had the mezzo Ann Murray in the secondary role of the Pharaoh's wife, an anxious sympathiser with the Israelites – to spell out what is embedded in Rossini's "serious" music. She did that superbly. In the less grateful role of Elcia's *confidante* Patricia Bardon leaves a disproportionately vivid stamp. With still thinner material, Philip Doghan makes something of the nasty High Priest. The tenor Aaron, who ought surely to be more silver-tongued than anybody, sounded out-of-sorts and fragile. What with his choked delivery and Raimondi's rusty creaks, the famous final Prayer scored only a tame modicum of its proper effect. We wanted more.

Supported by the Peter Moores Foundation; further performances May 28 (another Prom) and 31, June 3, 6, 8 and 11

Uma Thurman between ODs in Quentin Tarantino's gangster romp with a starry cast which scooped the top film prize at the festival

Palm goes to pulp

Cannes' winning film seems a shameful crawl to Hollywood, reports ***Nigel Andrews***

The science of Palmistry suffered a major setback when the top prize at Cannes went to America's *Pulp Fiction*. There we all were, clutching our Pernods and tipping Zhang Yimou's *To Live* or Kieslowski's *Red*, when, lo! – nothing doing. The golden frond was bestowed on the new film from Quentin "Reservoir Dogs" Tarantino.

With Eastwood as jury president we should have been prepared. *Pulp Fiction* is a 2½-hour gangster romp in which various members of starry cast (Bruce Willis, John Travolta, Uma Thurman, Harvey Keitel) have their days made by various stabbings, shootings and summary executions. S-and-M, torture and drugs are also on the menu. Indeed if you want to anthologise one scene for the book of "Great Throw-Up Moments In Hollywood Cinema", it must be that in which gangster's moll Miss Thurman, having OD'd on heroin, has a needleful of adrenalin thrust in her chest by a desperate escort-bodyguard (Travolta), anxious that she should not die while he is on the job.

How the Palais roared. Likewise when the kidnapped young black has his brains scattered all over the car. Or when Mr Big (also black) is captured and raped by a pair of Los Angelenos running what seems to be neo-nazism's answer to Sainsbury's Homebase.

The virtue of *Reservoir Dogs* was that it kept wiping the smile *off* our faces. One moment you were giggling, the next you were all but passing out. But *Pulp Fiction* is a string of ill-connected stories about the underworld held together, if at all, by the sick wit of its gifted writer-director.

The prize seems another shameful crawl to Hollywood from a festival that not long ago golden-palmed America three years in a row for unworthy films and is now, post-Gatt, anxious for another bout of kissing and making up; although I decline to name the part of Hollywood's anatomy that it might be kissing.

Other band-outs were more just. Kieslowski's prizelessness was greeted with indignation by many critics, though not this one: I thought *Red* the weakest of his trilogy films. Instead Zhang Yimou's hunk of history about China *To Live*, reported on last week, shared the runner-up Special Jury Prize with Nikita Mikhalkov's *Burned By The Sun*, jostling with Tarantino in the last busy weekend.

The Russian film-maker is becoming the festival world's duty dark horse. Three years ago he came from nowhere to seize the Venice Golden Lion with *Urga*. Now he blends Chekhovian chamber drama with Stalin-era historical tragicomedy – this is another 2½-hour piece in a festival where we could all have filed overtime claims – in a film that is a small triumph of art over obstacle.

Main obstacle is audience resistance to what seems initially yet another *Cherry Orchard*-ish elegy about the idle rich socked by a changing zeitgeist. Mikhalkov himself plays the central Colonel, at play with his family in a summer dacha while Uncle Joe Stalin gears up for his 1936 purges. But there is an oddness and energising sinisterness even in these scenes of sunlight, Chopin and cotton dresses. Who is the young family friend who arrives disguised as a blind man? Why are there so many mock-suicide games?

Finally the film tears the idyll with a vengeance. Just like the chauffered car jolting our hero down the country lane towards his eventual gulag, this plush movie vehicle ends up showing it has lively springs and a feel for the road. And Mikhalkov, if he had not won a prize for the movie, could have won it for a performance that grows from the subtle to the bravura.

The Best Actor prize went instead to Ge You, gauntly memorable in *To Live*. And the Best Actress was Virna Lisi – good lord, surely we remember her as a vacuous Italian starlet of the 1960s? – playing Catherine de Medici in France's *La Reine Margot*.

Lisi's was not the only identity change at Cannes. A number of directors kept turning into actors and vice versa. Tarantino and Mikhalkov both jumped in front of the camera when not shouting "Action!" behind it. Roman Polanski burgled several scenes from co-star Depardieu in Tornatore's *A Simple Formality*. And the Best Director prize went to a man better known, at least in the Eternal City, as a performer: Roman comedian Nanni Moretti who, as per my last report, enchanted *le tout Cannes* with *Dear Diary*.

And talking of toucans, there should have been a prize for the large-beaked tropical bird on an adjoining hotel rooftop who kept waking me each morning in time for the dreaded 8.30. press show. "Bonjour!", it cried, sharp on 7.45. And then something, I insisted to friends, that sounded like "Serie noire! Serie noir! . . ." Only later did I realise that the bird was giving me a tip. *Serie Noir* is the French title for *Pulp Fiction*.

INTERNATIONAL ARTS GUIDE

■ BONN

Oper Tonight, Sat: Les Contes d'Hoffmann, with cast led by Francisco Araiza. Tomorrow, Sun: Tosca. Fri: Valery Panov's production of Prokofiev's ballet Cinderella (0228-773667)

■ BORDEAUX

Palais des Sports Tomorrow, Fri: Alain Lombard conducts Orchestre National Bordeaux Aquitaine in works by Britten, Debussy and Stravinsky, with tenor Keith Lewis and horn soloist Jean-Marc Dalmasso. Sat (at Grand-Théâtre): Zino Vinnikov directs Les Solistes de Bordeaux Aquitaine in works by Handel, Bach and Mendelssohn (5648 5854)

■ COLOGNE

Philharmonie Tonight: Stephane Grappelli Trio. Fri: Peter Eötvös conducts Ensemble Modern in Varese, Antheil and Cage. Sat, Sun, Mon: Ingo Metzmacher conducts Gürzenich Orchestra and Cologne Radio Chorus in Henze's Das Floss der Medusa. Sun afternoon: teddy bear concert with: Peter Ustinov. Next Tues, Wed, Thurs, Fri: Daniel Barenboim conducts Chicago Symphony Orchestra (0221-2801)
Opernhaus Tonight, Fri: Lothar Zagrosek conducts Andreas Homoki's new production of Lortzing's Der Wildschütz. Sat, next Tues: TanzForum production of Peer Gynt, choreography by Jochen Ulrich. Sun: Macbeth with Alexandru Agache and Elizabeth Connell (0221-221 8400)

■ COPENHAGEN

Tivoli Tomorrow: Jan Krenz conducts Tivoli Symphony Orchestra in works by Brahms and Mendelssohn, with piano soloist Stephen Kovacevich. Fri: Krystian Zimerman piano recital. Sat: members of the Danish Opera Academy sing arias and duets by Verdi, Puccini and Massenet. Next Wed: Paavo Berglund conducts Royal Danish Orchestra in symphonies by Sibelius and Brahms (3315 1012)

■ DRESDEN

DRESDEN FESTIVAL
This year's festival, which runs till June 5, takes its theme from August the Strong, whose accession 300 years ago heralded a golden era in Dresden's artistic life. The programme features a wide range of baroque instrumental specialists, and there is a chance to hear rare choral and operatic works by Telemann, Hasse and Handel. The Semperoper has festival performances of Capriccio, Der Rosenkavalier and The Cunning Little Vixen. The orchestral programme over the coming week includes the Vienna Philharmonic under Riccardo Muti and the Dresden Staatskapelle under Neville Marriner, with piano soloist Alfred Brendel (0351-486 6666)

■ DUSSELDORF

Deutsche Oper am Rhein Tonight, tomorrow, Sun: Der Freischütz. Fri, next Tues: Le nozze di Figaro. Sat: Heinz Spoerli's new choreographic version of A Midsummer Night's Dream (0211-890 8211). Duisburg Theatre has Lohengrin on Sat and a Stravinsky ballet programme on Sun (0203-300 9100)
Schauspielhaus Tonight: Lorca's The House of Bernarda Alba. Fri: new production of Brecht's The Resistible Rise of Arturo Ui, directed by Wolf-Dietrich Sprenger. Sat and Sun: Shakespeare's Romeo and Juliet. Mon: Die Fledermaus. Tues: Shakespeare's Troilus and Cressida (tickets 0211-369911 information 0211-162200)

■ FRANKFURT

Alte Oper Tonight: My Fair Lady. Tomorrow, Fri: Daniel Barenboim conducts Chicago Symphony Orchestra in two programmes including The Rite of Spring and two Brahms symphonies. Next Wed: Heinz Holliger directs Chamber Orchestra of Europe (069-134 0400)
English Theater Kaiserstrasse Tonight: first night of new production of Bill Manhoff's comedy The Owl and the Pussycat. Daily except Mon till July 16 (069-2423 1620)
Oper Sat: Sylvain Cambreling conducts Herbert Wernicke's production of Duke Bluebeard's Castle, with Henk Smit and Katherine Ciesinski. Sun: Guido Johannes Rumstadt conducts Nuria Espert's production of Elektra, with Janis Martin and Livia Budai (069-236061)

■ GOTHENBURG

Konserthuset Tomorrow: Hans Graf conducts Gothenburg Symphony Orchestra in an all-Mozart programme, with piano soloist Mats Widlund (031-167000)

■ HAMBURG

Musikhalle Tonight: Hamburg Singakademie in choral works by Mendelssohn and Rossini. Fri, Sat: North German Radio Symphony Orchestra plays Musorgsky and Tchaikovsky. Sun: Klassische Philharmonie Bonn plays orchestral works by Brahms and Beethoven (040-354414)
Staatsoper Tomorrow, Sun: Gerd Albrecht conducts Harry Kupfer's new production of Khovanshchina, with cast headed by Olga Borodina and Matti Salminen. Fri, next Tues: Aida with Maria Guleghina and Michael Sylvester. Sat: Die Zauberflöte. June 4: Hermann Prey song recital. June 5: first night of John Neumeier's new production of Henze's ballet Undine (040-351721)

■ HELSINKI

Finnish National Opera Tonight: La traviata. Tomorrow: Bourmeister production of Swan Lake. Fri: Carmen. Sat, next Tues: Jorma Uotinen's new ballet Sonata in Glass, music by Sibelius (0-4030 2211)

■ LEIPZIG

Gewandhaus Tomorrow, Fri: Yuri Temirkanov conducts Gewandhaus Orchestra in works by Rossini, Mozart and Prokofiev, with piano soloist Rudolf Buchbinder. Sun morning, Mon and Tues evenings: Daniel Nazareth conducts MDR Symphony Orchestra in Brahms and Stravinsky, with piano soloist Homero Francesch. Sun evening: Gewandhaus Quartet plays Mozart, Françaix and Dvorak (0341-713 2280)

■ LYON

Opéra Tonight, Sun, next Tues: John Nelson conducts Klaus Michael Gruber's production of La traviata, with cast headed by Giusy Devinu (repeated June 3, 16, 19, 22). Tomorrow: Claire Gibault conducts concert performance of Mozart's Apollo et Hyacinthus (tel 7200 4545 fax 7200 4546)

■ MUNICH

Staatsoper Tonight: Jun Märkl conducts revival of Tony Palmer's 1992 production of Dvorak's Dimitrij, with cast headed by Ben Heppner and Livia Aghova (repeated May 28, 31, June 3, 6). Tomorrow, Sun: Don Pasquale. Fri: Bavarian State Ballet's American programme, including new choreographies by Robert LaFosse and Lucinda Childs. Sun (Prinzregententheater): Kathleen Kuhlmann song recital. Mon, next Wed: Cosi fan tutte (089-221316)
Gasteig Sat: Leonard Slatkin conducts Bavarian Radio Symphony Orchestra in works by Bernstein, Gershwin, Barber and Ives, with soprano Linda Hohenfeld. Next Tues, Thurs, Fri and Sun: Sergiu Celibidache conducts Munich Philharmonic Orchestra in Bloch and Shostakovich, with cello soloist Natalia Gutman (089-4809 8614)

■ STOCKHOLM

Drottningholm The 1994 season, the second directed by Elisabeth Söderström, opens tomorrow with the first night of a new Royal Opera production of Edouard Du Puy's early 19th century Singspiel Youth and Folly (repeated May 28, 30, June 2, 4, 7, 9, 11). The season, which runs till Sep 9, also includes Haydn's Orlando Paladino conducted by Nicholas McGegan and a staged Handel compilation starring Anne Sofie von Otter (08-660 8225)
Royal Opera Tonight: Ingvar Lidholm's Strindberg opera A Dream Play. Tomorrow, Mon: Simon Boccanegra. Fri: La boheme. Sat: Natalie Conus' production of Swan Lake (tickets 08-248240 information 08-203515)
Konserthuset Tonight: Krystian Zimerman piano recital. Tomorrow: Niklas Willen conducts Royal Stockholm Philharmonic Orchestra in concertos by Mozart, Richard Strauss and Tchaikovsky (tickets 08-102110 information 08-212520)
Berwaldhallen Sat afternoon: Leif Segerstam conducts Swedish Radio Symphony Orchestra in works by Mahler, Sandström and Beethoven (08-784 1800)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

European Cable and Satellite Business TV

(Central European Time)

MONDAY TO FRIDAY
NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY
NBC/Super Channel: FT Reports 1230.

TUESDAY
Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730;

Edward Mortimer

Danger in safe havens

Quarrelling Kurdish parties must look to Iraqi democrats for assistance

The "success" of Operation Provide Comfort, which established northern Iraq as a "safe haven", off limits to Saddam Hussein's forces, has come to be taken for granted: the one clear demonstration that international force can be used to humanitarian effect, given a clear objective and the political will to pursue it. The Kurds of Iraq having been out of the headlines for some time, it is assumed that, with them at least, all must be well.

Alas, not so. The latest news is that they have fallen out among themselves. Since early this month there has been fighting in many parts of Iraqi Kurdistan between the two main Kurdish parties: the Kurdistan Democratic Party (KDP) of Massoud Barzani and the Patriotic Union of Kurdistan (PUK) led by Jalal Talabani.

The rivalry between these two parties is deep-seated, going back to the 1960s when the original KDP split because Mr Barzani's father, a charismatic tribal leader, quarrelled with the urban intellectuals, including Mr Talabani, who controlled the party structure. Broadly speaking, the Barzanis dominate the northern area along the Turkish border, and have had good relations with successive regimes in Iran., while Mr Talabani's followers are strongest in the southern area around Sulaimaniyya, and have tended to support fellow Kurds demanding autonomy in Iran and Turkey.

The two groups' co-operation in holding elections in the safe haven in 1992, and in administering it on a 50:50 basis since then, has astonished those familiar with their earlier history. It began to unravel last winter when there was fierce fighting between the PUK and an Islamic group backed by Iran. Mr Barzani intervened to stop the fighting, and in the process quarrelled with Mr Jabar Farman, a PUK military leader who is defence minister in the nominally united administration.

Since then Mr Barzani has been pressing for Mr Farman's resignation, and it appears Mr Farman may have been largely responsible for the escalation of what started on May 1 as a local vendetta about a piece of land into a general conflict between the two parties. They have now virtually partitioned the haven, forcibly closing down each other's offices in their respective territories.

While the conflict is essentially intra-Kurdish, it has no doubt been exacerbated by the haven's isolation and its lack of clear political perspectives. The Iranian regime, always ambivalent about this experiment in democracy on its frontiers, is now openly hostile to it, and to the PUK in particular. Meanwhile the Turkish army is engaged in an all-out effort to stamp out the guerrillas of the PKK (Kurdistan Workers' Party) on their side of the frontier. Many civilians have fled from Turkey into Iraq, by the same mountain paths used by Iraqi Kurds to reach Turkey three years ago.

The area is blockaded by Saddam from the south and subject to UN sanctions

At that time Mr Talabani established a good relationship with the then Turkish president, Turgut Ozal, and acted as unofficial mediator between him and the PKK leader, Abdullah Ocalan, who lives in Lebanon under Syrian protection. In March last year Mr Ocalan declared a ceasefire, saying he wanted to convert the PKK into a non-violent political movement, working for Kurdish rights within Turkey. But after Ozal's death a month later the ceasefire soon broke down. Since then the violence in south-eastern Turkey has escalated, and the Turks suspect Mr Talabani's followers of helping the PKK.

Last week the Turkish air force bombed a PKK camp 70 miles inside Iraq in an area controlled by Mr Talabani's party. Mr Talabani himself, meanwhile, is in Damascus, apparently unable or unwilling to pass through Turkey on his way back to Iraqi Kurdistan, where his presence is needed to impose discipline on his followers and restore a working relationship with Mr Barzani.

The haven in northern Iraq is also isolated economically. It is blockaded by Saddam from the south and is subject to UN sanctions on grounds that it is part of Iraq. By the same twisted logic Mr John Major, the British prime minister – who could claim to be the architect of the safe haven – explained in a recent letter to Lord Avebury, the Liberal peer, that it would be "impossible" to station UN human rights monitors in northern Iraq "without the permission of the Iraqi government". To do so, he said, "would call into question the territorial integrity and political independence of Iraq, as recognised by the United Nations".

Surely he should have thought of that in 1991 when he sent British troops into northern Iraq to secure the safe haven, but told them to stop at the 36th parallel. In so doing he helped create a de facto Kurdish state, but one whose leaders have had the wisdom not to declare independence. In inviting human rights monitors, whose brief would be to monitor the situation in Iraq as a whole, those leaders are reaffirming the haven as a liberated area of Iraq, not an independent state. And in this month's fighting it is the Iraqi National Congress (INC), based in Kurdistan but composed mainly of Arab opponents of Saddam from southern and central Iraq, which has been accepted as an honest broker by both Kurdish parties and has had some success in negotiating ceasefires.

One good result of this sad episode is that Kurds have acquired respect for the INC and have seen that Arab Iraqis can play a constructive role, even in Kurdish affairs. The Kurdish parties, which both belong to the INC, should now place themselves formally under its authority, and the west should recognise it as the legitimate alternative to Saddam. From then on, sanctions should be applied only to the parts of Iraq which are still under Saddam's control.

One option they don't want

US and UK companies are angry at plans to give more information in accounts, says **Andrew Jack**

Public hearings convened by the US Financial Accounting Standards Board do not normally attract capacity crowds. But when the standards-setting body held a meeting in San Jose, California, recently, 3,000 managers and employees protested outside and a band attempted to drown out the proceedings.

The board's 100-page technical document known as "127-C", published last June, has proved highly controversial. Its subject is the one accounting topic guaranteed to provoke ire among companies on both sides of the Atlantic: the disclosure and treatment in accounts of the details of executive compensation – and in particular options, which are rights to buy shares at a fixed price in the future.

Business is coming under increasing pressure in both the US and UK. Last week, the UK Accounting Standards Board, the national standards-setting body, issued draft recommendations that urge companies to disclose full details of the options they grant to directors.

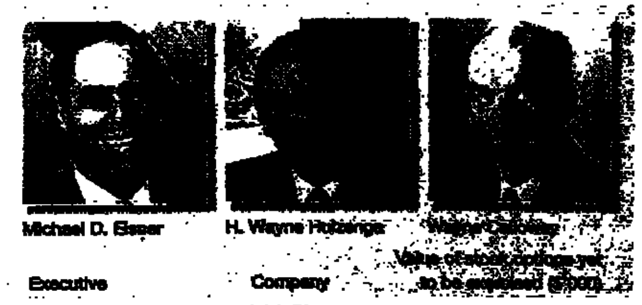
In the US, its counterpart, the FASB, reconvenes next month to draft revised proposals. These would require companies for the first time to treat options granted to senior executives as a cost to be set against profits.

Concern about executive pay packages has risen as a growing number of top managers are remunerated not only with salary and perks, but also with options. The intention is to provide a form of performance-related pay. Directors exercise their options only if the value of the shares on the stock market rises above the fixed price at which they are entitled to buy them. The greater the difference, the more profitable are the options, giving executives the incentive to run the company in a way that boosts the share price.

But many companies now complain that draft requirements from accounting standards bodies will jeopardise their future growth, by forcing them to stop awarding options. This, in turn, would make it more difficult to hire the best people, they argue.

"You would never have thought this level of reaction would have come out of a proposed accounting standard," says Stephen Zeff, professor of accounting at Rice University in Texas. "The debate is extraordinarily emotional. To listen to company executives you would think this was the Doomsday scenario."

America's top executives: in the money



Michael D. Eisner | H. Wayne Huizenga | Wayne Calloway

Executive	Company	Value of stock options yet to be exercised ($000)*
Michael D. Eisner	Walt Disney	161,376
[illegible] Huizenga	Blockbuster Entertainment	99,567
Wayne Calloway	PepsiCo	81,283
[illegible] Donald	DSC Communications	50,781
Sanford I. Weill	Travelers	47,288
[illegible] Goizueta	Coca-Cola	45,947
Reuben Mark	Colgate-Palmolive	42,584
[illegible]	Louisiana-Pacific	42,075
Daniel P. Tully	Merrill Lynch	40,453
[illegible]	Amgen	39,469

Source: Business Week

* Based on stock price at the end of company's fiscal year

Last week's guidance from the Urgent Issues Task Force, a subcommittee of the UK Accounting Standards Board, was an attempt to close a loophole which has allowed companies to disclose far less about options in their accounts than the law intended – and less than their counterparts in the US have to reveal.

It follows growing pressure for disclosure from investors. The report of the Cadbury committee on the financial aspects of corporate governance, published at the end of 1992, called for full disclosure of directors' remuneration.

While a few UK companies have begun to make detailed disclosures on options – such as British Petroleum and Reuters – most make it impossible for shareholders to see how much directors are being paid in this way.

Mr David Tweedie, chairman of the UK Accounting Standards Board, says the aim of the draft guidelines is for sufficient disclosure to provide readers of accounts with a "do-it-yourself kit" of information, from which they can calculate the value of options being granted to directors.

The guidelines call for companies to show the total number of share options granted, as well as the number awarded to each director. They call for publication of the date and price at which the options can be exercised and when they expire. They also recommend that, if any options have been taken up during the financial year, companies should disclose the market price of the shares on the day when they were exercised.

However, in contrast to most standards issued by the board, the share options guidelines are only advisory and cannot be enforced by the Financial Reporting Review Panel, the UK accounts watchdog. The board hoped to make them mandatory, but it recently ran into a legal hitch: the existing law does not require disclosure of remuneration unless it can be precisely valued.

"The law says that if you are paid £100 plus a sheep and you cannot value the sheep, you are not required to say you are paid £100 plus a sheep. You can just say you are paid £100," says Mr Tweedie.

Options defy precise valuation. Directors cannot sell them immediately, and their final value is dependent on the share price – which may be highly volatile – at the time when they can be exercised. If the company collapses, or the share price at the time of exercise is less than the fixed price at which they were granted, they are worthless.

'There will never be a definitive method of valuation, but the existing value of zero is wrong'

This difficulty also lies at the heart of the current debate in the US. There have long been requirements for companies to disclose the number and exercise price of share options in the proxy statements, which are sent to shareholders before a vote. Two years ago, the Securities and Exchange Commission, the US market watchdog, tightened the rules to stop companies burying the information in the small print.

However, the FASB proposals go much further. The draft accounting standard issued last summer argues that options are a charge to the company and should therefore be taken as a cost, which would correspondingly reduce earnings – the single financial measure most used to assess corporate performance.

Ms Diana Willis, FASB's project manager for stock options, is confident that there are mathematical models which are sufficiently precise to place a more realistic value on options. "There will never be one definitive method of valuation, but we all know that the existing value of zero is wrong," she says.

She points out that there are many other numbers in financial statements which cannot be precisely measured but which are included, such as post-retirement benefits. "Accounting is not very precise once you get past what cash you have," she says.

However, business has been almost universally opposed to FASB's proposals. No sector is more upset than the new high-technology companies, such as those based in northern California, which say, because they are unable to pay high salaries, the recommendations will jeopardise their only way to attract the best workers. Others accuse FASB of jumping on the current bandwagon of criticism of excessive executive pay.

Even the large accountancy firms, which initially supported the FASB proposals, have now turned against them – Mr Walter Schuetze, the chief accountant of the SEC, denounced the firms in a speech in January for losing their independence and acting as "cheerleaders for their clients".

Surprised by the public reaction, the seven-member FASB board meets again next month, and hopes to produce a final version of its standard by early next year. The indications are that it is still firmly behind its proposals.

Meanwhile, the *politicians* – responding to business pressure – have joined the growing ranks of critics. A senate resolution has urged FASB to drop its proposals, and a draft bill now in Congress mandates the SEC to ignore them even if they are issued, which would render them ineffective.

Mr Dennis Beresford, FASB's chairman, remains committed. "We are not going to back down simply because of political pressure," he says. "The board is still strongly convinced that options have a value and there is a way to value them. There have been some questions about how appropriate is the valuation method we discussed before, but we are going to try our best to come up with a reasonable approach."

Shareholders in the UK looking for greater disclosure of the costs of options are unlikely to receive any such strong reassurance. The Accounting Standards Board's proposals are likely to be republished within two months, virtually unaltered. There is little sign in the short term that the Department of Trade and Industry or the stock exchange will change the regulations in order to make such disclosures mandatory.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Monopoly policy no less tough

From Mr Robin Aaronson and Mr Robert Young.

Sir, Robert Rice ("Watchdog barks but the MMC moves on", May 17) suggests that the Monopolies and Mergers Commission has adopted a less interventionist approach since its 1989 report on beer was overruled by the government. May we, as two of the authors of the beer report, point out that the MMC has recently taken an equally tough line on another major industry? Last August's report on gas recommended enforced division of British Gas's trading arm from its transportation business – hardly evidence of a "relaxed policy".

Some of the recent criticism of the MMC appears to ignore the legal framework in which it operates. The Fair Trading Act permits the MMC to make recommendations only where it finds a situation to be "against the public interest". In other words, there is no presumption that refusal to supply, tying of retail outlets, or any other practice is prohibited unless it can be shown to be positively good for consumers (as would be the case in European law). The presumption is that such practices are permitted unless they can be shown to be positively bad.

We might not agree with every recent decision the MMC has made, but we are not convinced that there has been a change of policy or even approach.

What would be very disturbing, however, would be any suggestion that the MMC's independence from political pressure was at risk. The great strength of UK competition policy is the major role it gives to an independent body with a statutory duty to publish its findings for all to see. This goes a long way towards depoliticising decisions on particular cases. Any threat to this independence should be strongly resisted.

Robin Aaronson,
Robert Young,
Coopers & Lybrand,
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London WC2N 6NN

EU law needs enforcing

From Mr Richard Brown.

Sir, Emma Tucker's report, "Brussels to name single-market laggards" (May 23), reveals how out of touch is the law-making perspective of the European Commission. Welcome though a league table of the performance of member states in adopting EU single-market legislation might be, it is not the adoption but the implementation and enforcement which matters.

Countries with legal systems that allow them to "copy out" numerous directives into national law *en bloc* have little difficulty in adopting EU legislation. The flaws and gaps in the single market occur where the legislation has been transposed but fails to be executed on the ground. UK regulators appear to be among the most efficient in Europe. This is where a league table would be really useful.

Richard Brown,
deputy director-general,
Association of British Chambers of Commerce,
9 Tufton Street,
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Wrong route

From Sir Ivor Broom.

Sir, I note that Michael Thompson-Noel "hurled himself out of London down the motorway to Solsbury Hill very close to Bath" to support the protest against the proposed by-pass (Hawks & Handsaws, May 21/22).

Surely those who are concerned about road building "madness" should set an example by leaving their cars at home whenever possible. Why did he not use public transport from London to Bath – and then proceed the short distance from Bath by road?

Ivor Broom,
Cherry Lawn, Bridle Lane,
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Hertfordshire WD3 4JB

Accountants' alternative view

From Mrs Anthea L Rose.

Sir, While Andrew Jack correctly points out that the student recruitment to the Institute of Chartered Accountants in England and Wales has fallen steadily over recent years ("You don't have to be Australian but it helps", May 19), his statement that among the different accountancy qualifications, "management accountancy reigns supreme" is not borne out by the facts.

Last year, the Chartered Association of Certified Accountants registered more than 22,500 students – more than 8,500 of them in the UK – up 7.5 per cent on the previous year; and more than 14,000 overseas – up 22 per cent. These figures are more than five times those of the ICAEW and more than double those of the Chartered Institute of Management Accountants.

Moreover, while there may be some in the profession who are still living in the "halcyon" days of the 1980s and who do need to indulge in more "soul searching" on the scope for revisions to future training and recruitment, the ACCA has successfully introduced streamlined examination structures and competence-based training requirements, aimed at imparting skills that employers now want their accountants to possess.

It is the responsibility of those in the profession who have not yet come to terms with today's reality to learn from those who have.

Anthea L Rose,
chief executive,
ACCA,
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Zimbabwe climate not yet right

From Lawrence W Harris III.

Sir, Tony Hawkins' hopeful article ("Harare sows seeds for an investment harvest", May 18) about the improving investment conditions in Zimbabwe resulting from exchange control and foreign exchange liberalisation, price deregulation, privatisation of some state companies, and freeing of interest rates did not refer to his previous article ("Zimbabwe cancels controversial land leases", May 5) on Zimbabwe which featured a radically different theme.

In that article, it was noted that 72 leases of farms expropriated from white farmers, theoretically for resettlement of landless peasants, had in fact been allotted to senior politicians (such as the head of the air force and the former agriculture minister). The article noted that businessmen [were] . . . concerned that the Zimbabwe investment promotion conference in London on May 19 would have been undermined by the controversy", so the leases were cancelled. Indeed, I should think that the fear of expropriation of investments (with the possible subsequent donation of same to politicians) would not be assuaged by any amount of exchange control liberalisation or price deregulation.

Lawrence W Harris,
12 East 49th Street, 22nd floor,
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EU generics at a disadvantage

From Mr Greg Perry.

Sir, In his article, "Price wars over name-dropping" (May 18), Daniel Green points out that this year's expiry of US patents on many branded pharmaceuticals will result in a rapid increase in the supply of generic medicines.

While this is good news for US-based pharmaceutical companies supplying generics, it brings no joy to EU-based generic companies which operate under more restrictive patent laws. Under US law, generic companies can develop and register their products in advance of patent expiry and thus put their products on the market the day after patent expiry. Generic companies operating under EU laws are usually only allowed to begin product development or authorisation procedures after patent expiry (see my letter published in the FT, October 18 1993).

This restriction not only limits EU generic manufacturers from competing equally with US companies in the US market but also ensures that in the European pharmaceutical market, generic competition will not be anywhere as intense as Daniel Green depicted for the US market.

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FINANCIAL TIMES

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Wednesday May 25 1994

A manifesto for business

The government's long-awaited white paper on competitiveness will seriously disappoint those expecting original insights into the factors underlying the country's industrial performance or radical innovations in policy. Indeed, much of it reads like a self-justifying compilation of measures already in place or planned, and one which fails to counter the anxieties recently expressed by, among others, the Commons trade and industry committee. As such, it is likely to be dismissed by many, including some on the government benches, as a damp squib.

However, the document is not without merit. First, it is pleasing that ministers recognise that their separate departmental actions affect a wide range of business activities and have sought to draw up an audit of their impact. Quite how the government intends to achieve the necessary co-ordination across Whitehall over the longer term is less clear. The Treasury, in particular, is often rightly accused of ignoring the impact of its policies on business and wealth creation.

Secondly, the document is to be commended for what it does not say. It wisely eschews big new spending on industrial support. It also steers clear of sectoral intervention and picking winners. It is encouraging that the government now appears to accept that these approaches offer no solutions, but more often create problems by retarding essential adjustment.

In reality, that acceptance has been imposed by circumstance. Any temptation to embark on a big spending spree is constrained by the budget deficit and the government's commitment to maintaining stable macro-economic policies. Likewise, scope for action is circumscribed by the shift to Brussels of control over trade policy, public procurement rules and, increasingly, competition policy. Without these weapons, the arsenal of classic interventionism which some ministers enjoy promising their political followers is largely denuded.

Mild dirigisme

The other limiting factor is the wide spread of opinions within the government's own ranks. These range from advocacy of mild dirigisme to heavy reliance on deregulation. Read as a political manifesto, which it is in part, the white paper is an attempt to bridge these two extremes. Inevitably, that has produced a minimalist result, marked more by laundry lists of unexceptionable proposals than by truly innovative thinking.

That said, what prescriptions does the white paper have to offer? Most concern small business and education and training. In the former area, the proposal to encourage faster payment of bills, initially by insisting on more disclosure is welcome. Increased emphasis on advisory services will be good news for consultants, though it is unclear how far it meets small firms' actual needs. But at least, this type of support seems unlikely to do much harm.

The white paper correctly recognises the central importance of education and training in raising skill levels. Much remains to be done in delivering on government initiatives such as the reform of the national curriculum and the introduction of new vocational qualifications. One priority rightly identified is the need to tackle the shortcomings of GNVQs, the new vocational qualifications widely criticised for their lack of rigour.

Learning credits

There are some new proposals on training, notably the extension of the "modern apprenticeship" scheme to all 18-19 year olds. This welcome move shows that the government has listened to constructive comments on its earlier plans. Much more radical is the idea of learning credits, vouchers that would allow young people to make their own choices in education and training after school. Credits would keep schools, colleges and other providers of education and training on their toes. And they would boost parity of esteem between academic, technical and vocational education by providing the same form of finance for each. The government should press ahead with its promised study of the potential for credits, and mount pilot schemes.

However, it is regrettable that more has not been done to strengthen the role of Training and Enterprise Councils in education and training. Mergers between Tecs and chambers of commerce are now permitted, and the developing network of one-stop shops will help to strengthen their position. But to acquire the strength of German chambers, they need clearer strategic purpose and more financial and operational independence from government.

The most positive achievement of the white paper is that it sets out clearly the government's thinking on industrial policy and wealth creation. At a time of mounting debate on these issues, business and the public needs to know where it stands. The result falls far short of being a "blueprint for industrial success", as some ministers suggest. That is an implausible claim for any government to make, above all one which has held office for 15 years. Like a blueprint, however, the effectiveness of the measures set out yesterday will hinge as much on their execution as on their design. The government's priority must be to press ahead firmly with implementation, above all in the field of training and education.

The cost of saving energy

In creating the Energy Saving Trust, UK government ministers thought they had found a winner: a tool for bringing about expensive environmental improvements that would also be popular. But the trust has been stalled by a row over its funding, which has also exposed the confused state of the government's plans for energy conservation.

The trust is intended to subsidise household improvements such as low-energy light bulbs, efficient boilers and insulation for lofts and walls. The costs – some £400m a year by the end of the decade – will be passed on to gas and electricity customers, even if they have not benefited.

At least, that was the plan. Today Ms Clare Spottiswoode, director general of Ofgas, the regulator, is likely to tell a parliamentary select committee, for the third time, why she will not allow these costs to be passed on to gas customers. She is right to insist that the government should not use regulators to levy taxes, and to point out that the impact would be regressive, falling proportionally harder on poorer families.

But the row obscures the broader questions of whether Britain needs to promote energy conservation, and if it does, whether the trust is the right tool.

Curbing emissions

The government's main argument for energy saving is that the UK committed itself at the 1992 Rio Earth Summit to curbing emissions of carbon dioxide from fossil fuels. The Rio targets are questionable – scientists are uncertain of the threat of global warming – but countries feel that precautions are warranted.

In giving its backing to Rio, the government has not weighed up the costs of cutting emissions against the value of the global benefit. It has tended to imply that saving energy is always worthwhile, whatever the cost. But even if the aim is justified, ministers put too much weight on the trust: they want it to generate a quarter of the savings needed to meet the Rio targets.

Funding aside, the trust was never likely to be up to the task. It lacks the administration to disburse £400m a year in parcels of several hundred pounds, let alone to identify which households should benefit.

Sharp price rises

Instead, the more appropriate tool for curbing carbon emissions – though one the government may feel is politically inaccessible – is further sharp energy price rises.

The better argument for the trust's existence is that some household energy conservation measures pay for themselves quickly. The trust says that all of its schemes would cover their costs within five years, but that the public is deterred from adopting these measures by ignorance and by the initial spending needed. It estimates that 90 per cent of households lack at least a quarter of the energy saving measures which it recommends.

To the extent that the trust can overcome those barriers, it has a justifiable role, although a smaller one than it now envisages. It also needs to direct its cash towards those who can least afford to pay.

But the trust's funds should come from taxpayers, not from consumers. Energy conservation costs money; the government should not use rhetoric and the regulatory system to usher through a disguised and regressive tax.

The debate on renewal of China's MFN status has sparked a covert discussion about political reform, says **Tony Walker**

Wrong attitude to human rights

President Bill Clinton has described his decision on the renewal of China's privileged trade access to the US market as one of the most critical of his administration. In China itself, the Most Favoured Nation status issue is regarded as hardly less important.

Both the US and Chinese leaderships appear to sense that the ruling on MFN renewal due by June 3 will mark something of a watershed in Sino-US relations: that much more is at stake than simply two-way trade running at about $40bn annually.

Not least of the vexed questions facing the Clinton administration is how, in the longer term, it might deal with human rights and China. Unless a way is found to cope with the issue within the broader relationship, it will continue to fester, threatening an increasingly important commercial and strategic partnership.

While the White House has conducted a high-profile and sometimes agonising debate with itself over MFN renewal, Chinese officials have appeared at one in their determination to secure an extension without making significant concessions to western pressures on human rights. Mr Clinton in granting MFN last year called for "overall significant improvement" in China's human rights behaviour, including greater respect for the universal declaration on human rights.

But China's appearance of unyielding unity of purpose on MFN tells only part of the story. No less than in the outside world, MFN renewal has encouraged fairly widespread discussion in China about questions such as relations with the west, economic liberalisation and political change, and most crucially about the best means of harnessing western pressures to achieve desirable political reform.

This debate, because of China's lack of open discussion, is furtive. It is certainly not ventilated in the official press, but among scholars, dissidents and even some of the more liberal members of the Communist party these are lively issues and ones that go to the heart of how Chinese society might evolve.

Mr Clinton and his advisers may not fully appreciate the implications for China's internal development and its relations with the west. But many Chinese intellectuals antipathetic to the Communist regime hope that MFN is granted and moreover that trade and human rights issues are de-linked. They are frankly critical of what they regard as the US use of the blunt trade instrument in its well-meaning efforts to achieve progress on human rights.

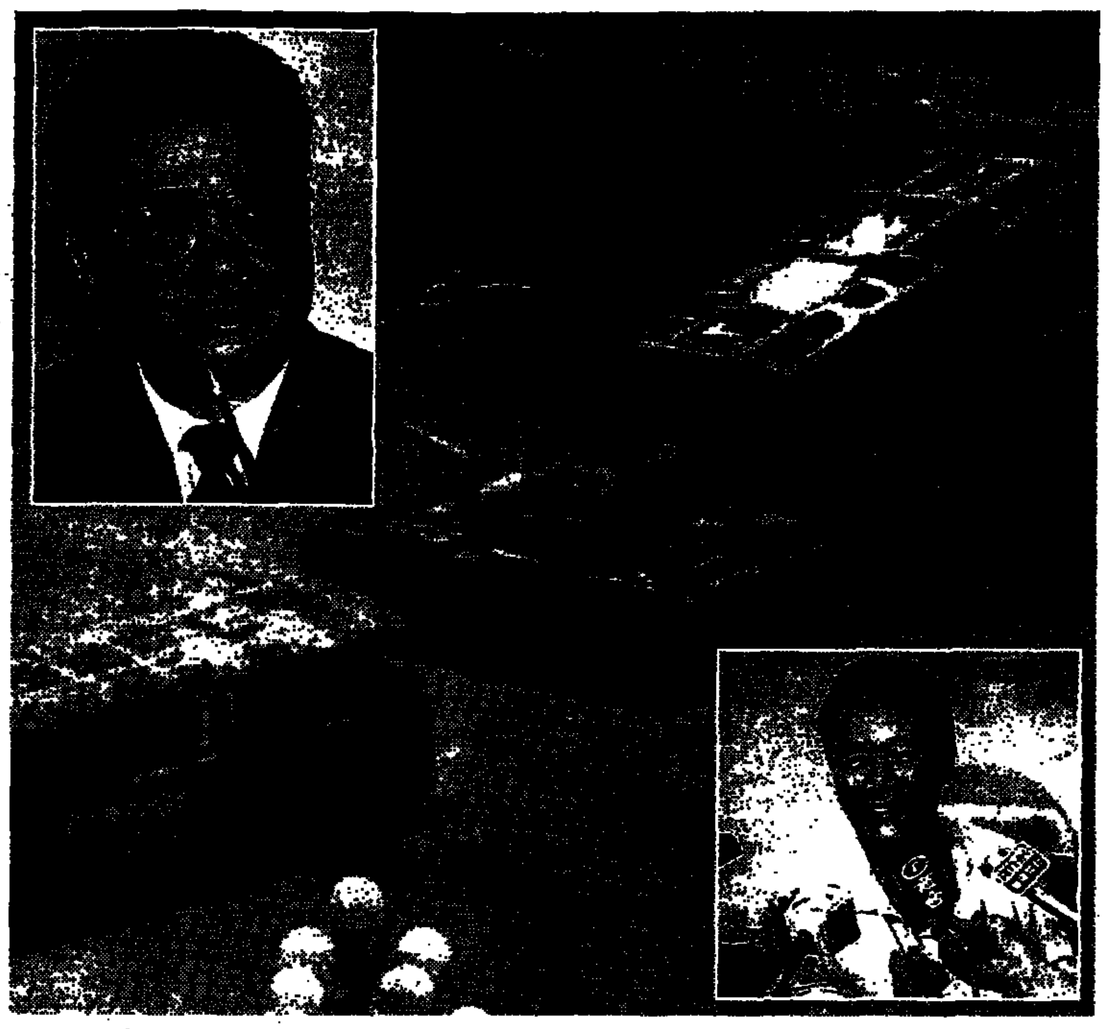
Typical of those who hold such views is Mr Cui Wenhua, an historian and television scriptwriter, who lost his job over his involvement in the June 1989 pro-democracy protests and who professes no love for the communist rulers.

"If the world seeks to isolate China, it will only slow down the process of liberalisation," he says. "Since the world cannot totally ignore China, it should try to engage it more fully."

These may appear naive views given that the Communist party shows little sign of yielding any ground to its opponents and indeed has recently been cracking down even harder on dissidents; but it is also true that China is in the middle of a process of economic liberalisation and opening to the outside world unprecedented in its history.

This opening, which differs markedly from past contact with foreign influences in that it has not been forced on China, is introducing western ideas and values to a receptive audience among an urban elite, an increasing number of whom have travelled and lived abroad.

Notions of individual rights, democracy and basic freedoms which are taken for granted in the west have tremendous appeal for younger Chinese intellectuals, but inevitably this embrace of western ideas leads to conflict with an older generation of scholars who believe that Confucian ideals of filial obedience and respect for authority should prevail.



Reuter

With the fifth anniversary of the Tiananmen square massacre due next week, premier Li Peng (top left) is determined to maintain stability, while dissident Wei Jingsheng (right) wants to increase pressure for reform

Yang Dongping, a researcher at the Beijing Polytechnic and commentator on changes in Chinese society, says that both sides of the debate look to Singapore, South Korea and Taiwan to prove their point. The younger generation attributes the success of these south-east Asian tigers to market economics and relative democratic freedoms, while older scholars choose to believe that Confucianism has underpinned their advancement.

Where the views of the two sides converge is on the pace of desirable change in China to avoid what an albeit thin veneer of politically literate Chinese fear most: chaos. "Most people, including the younger generation, understand it will take more than a day to adapt western ideas and values," says Mr Yang.

Both the US and Chinese leaderships sense that the ruling on MFN renewal will mark a watershed in Sino-US relations

This ill-defined majority among the politically aware would in turn part company with hard-core dissidents such as Wei Jingsheng, the pro-democracy activist recently detained for questioning in connection with unspecified "new crimes".

Mr Wei believes, according to his friends, in "making haste" in pursuit of political change. He also favours, as he made clear in a conversation early this year with an official US human rights envoy, in continued and even increased western pressure on China to bring about such change.

In his contacts with Mr John Shattuck, the US assistant secretary of state for human rights, Mr Wei was committing what in the eyes of the regime was a virtually unpardonable sin known as *li tong waiguo*, literally maintaining illicit relations with a foreign country, or to employ the colloquial western description: washing one's dirty linen in public.

Other leaders of the 1989 protests such as Liu Xiaobo, the philosopher and writer, also advocate continued western pressure on questions such as MFN, though Mr Liu is in favour of renewal. "Without pressure from the international community," he observes, "the Chinese government would be rampant [in its treatment of dissidents]," he says.

Among international human rights activists, who are frustrated by what they perceive as the Clinton administration's cynical handling of the MFN issue and a drift away from sanctions, a similar view prevails. Robin Munro of the Human Rights Watch/Asia believes that "pressure is the only thing that works" when it comes to forcing the Chinese to recognise western concerns over human rights.

Mr Munro, whose organisation compiles the most comprehensive dossier of China's human rights transgressions, dismisses what he describes as a "mantra" argument that economic change will inevitably spawn political reform. "This is a pious hope," he says. "It does not connect with reality."

In contrast, even those critics with the gloomiest perspective would concede that profound change is afoot, although they would differ on where it is leading. While there has been a significant improvement in Chinese living standards in many areas, the country's rulers continue to discourage thoughts of political liberalisation.

The historian Mr Cui has no doubt that quite apart from impressive material advances, a more important change is that of the 'heart'. "Chinese citizens have emerged from being slaves of the dark ages to citizens with some modern thoughts, and this should be the springboard for greater change in the future," he says.

Many intellectuals antipathetic to the regime hope that MFN is granted and that trade and human rights are de-linked.

He cites by way of example of changes afoot, the Communist party decision to embrace what it describes as a "socialist market economy". "In reality the word 'socialist' does not mean anything," Mr Cui observes. "A market economy is a market economy. As long as you allow the market to exist this will produce changes of ownership and interest that will eventually lead to political diversification."

This latter development is one that disturbs China's communist rulers. They understand that having embarked on a far-reaching programme of economic reform they are riding a tiger whose behaviour will be far from predictable, and that economic and social change is, in any case, loosening central control.

But the leadership also appreciates that as far as economic reform is concerned there is no turning back without risking the fate that has befallen the Communist party of the former Soviet Union which failed to adapt to change and paid the price.

Chinese officials are fond of the bicycle metaphor when describing China's current circumstances: if you *stop* pedalling, they say, you will fall over. This in turn raises the question of whether China's leaders are pedalling fast enough to cope with the demands of a restive population at a time of rapid economic and social change?

These worries about the unknown – China in its economic reform has entered uncharted waters – are in turn prompting a re-emphasis on political stability, a crackdown on dissent such as the recent arrest of prominent dissident Wei Jingsheng, and restrictions on the media's ability to ventilate conflicting political viewpoints.

Since the Communist party's policymaking central committee approved an adventurous package of economic reforms last November, China's leaders, including premier Li Peng, have laid heavy emphasis on the need to maintain stability as the fifth anniversary of the June 4 Tiananmen massacre looms. They have sought this while navigating their way through a testing phase involving a painful rationalisation of overmanned and loss-making state enterprises.

In this difficult period Beijing is grappling with twin threats: workers laid off from state industries, and a peasantry – surplus rural labour numbers between 100m and 200m – made anxious and angry by a widening gap between rich and poor, country and city.

Compared with these challenges, dissident activity, while it might be eye-catching in the west, is hardly the problem that looms largest in Beijing's concerns. Among China's rulers there is always the residual fear that dissidents will make common cause with disaffected elements in the cities and countryside – as the Communist revolutionaries did in the 1920s.

Permeating Chinese official concerns at almost all levels at present is also the failing health of senior leader Deng Xiaoping and worries about a potentially difficult transition to a new generation of leaders. Preparation for an uncertain future without Deng is one of the factors prompting the present crackdown on dissent by a nervous leadership.

These uncertain times present challenges as well as opportunities for the west in the management of its fractious relationship with a modernising China. The Clinton administration because of its growing economic and strategic relationship with China is in a unique position to influence developments, but constructive engagement will not be easy and conflict over human rights issues is certain to persist.

The west's patience is certain to be tested not only over human rights but also over problems such as trade liberalisation, copyright infringements and disagreement over arms sales. But for the US, there would seem to be little alternative to seeking a more predictable relationship with China – one that does not become hostage to the annual politicking involved in MFN renewal.

While the US is poised to extend China's priviledged trade access to the American market for another year, it will be doing so in the knowledge that Beijing has hardly fulfilled requirements laid down by President Clinton for improvements in human rights. China will have won this round but what is important for the west, and the US in particular, is that it seeks other avenues in future that are not so potentially disruptive to the broader commercial relationship.

OBSERVER

Back into the cold

■ Investment bankers at leading Eurobond houses await the return of Kari Nars with some trepidation.

Finland's head of treasury management has been on a three-year secondment to the EBRD, but is due back at his desk next month. Nicknamed "Basis-Point Billy", his talent for driving a hard bargain is not easily forgotten.

However, Finland was blessed with a triple-A foreign currency credit rating in those days, so syndicate managers had little choice but to suffer his tough market tactics, his curt telephone manner and his endless name-dropping.

During his absence, the country has lost one of its three As, and investor appetite for its paper is correspondingly less keen. At the same time, his easy-going deputy, Veikko Kantola, is reckoned to have made a good fist of a difficult job and to have won over syndicate managers by distributing business fairly. Surely Basis Point Billy isn't going to have to reinvent himself as Percentage Point Paul?

Arid patch

■ Horror of horrors. Who was that lurking in the flower beds at the Chelsea Flower Show when Graham Hearne's Enterprise Oil hosted its annual dinner for the great and the good on Monday night?

Step forward Rudolph Agnew, the new chairman of Lasmo, the struggling oil company which is under attack from Enterprise.

Apparently, both chairmen did bump into each other but Observer is assured that the only thing they talked about was that hardy perennial . . . the weather.

Taken away

■ Looks like the owners of four of London's trendiest Chinese restaurants were too busy meditating to notice that their holding company was levitating somewhere below solvency.

Blaidwood, which owns Now & Zen, ZenW3, Zen Central and Zen Chelsea, has gone into receivership this week because it cannot service loans unrelated to its food outlets.

The good news is that the receivers believe the eateries in question remain an appetising target for prospective purchasers.

Dust to dust

■ Powell Duffryn's interest in bidding for British Coal's South Wales operations has the kind of historic ring that would surround, for example, attempts to rehabilitate descendants of the tsars in Russia.

After all, Powell Duffryn was the biggest British coal company controlling more than 60 pits and employing more than 32,000 miners before the industry was nationalised in 1946. The company was detested, not least for its decision to "encourage" miners to dig bigger lumps of coal by equipping them with tools resembling pitchforks rather than shovels.

'I'm boycotting whalemeat'

Like Russia's monarchists, though, the company has durable roots. About 150 years ago, its founder, Thomas Powell, introduced the first locomotives to the Welsh coalfields and founded a coal-shipping business which, to this day, is one of its main activities.

Its influence persisted even after nationalisation – the National Coal Board's first chairman was Lord Hyndley, the company's former managing director, and another PD man was the NCB's first director for marketing.

Subsequently, it formed a joint international mining consultancy with the Coal Board and even opened a travel agency which served the Coal Board's staff. There will be those in south Wales who will view its return with as much enthusiasm as the Russian serfs would welcome a tsarist revival.

Codswollop

■ What can have got into their Lordships? The Earl of Longford, the former Labour cabinet minister, was yesterday complimenting Earl Ferrers, the home office minister, on his ability to preach "just as acceptably whatever message he is required to deliver, even if a subsequent message contradicts an earlier one".

Ferrers replied that receiving kind words from Longford was "rather like shaking hands with a fish; it slides all over the place and one does not know whether one has hold of the head or the tail".

Tony's scoop

■ Not many media tycoons would turn to one of their competitors when looking for a non-executive director. But then Tony O'Reilly, owner of 60 per cent of the Irish Press, is not yet playing in the first division – which may explain why he has added Ben Bradlee, the legendary editor of the Washington Post, to the board of his Independent Newspapers.

O'Reilly, who sat on the Washington Post board until very recently, is one of those people who think that the Post is the greatest paper in the world. Adding the Post's 72-year-old vice-president-at-large to his board ought to give him a bit more credibility with the hacks – if not with fellow newspaper proprietor Conrad Black, who has been quoted as saying that O'Reilly can "schmooze his way with the bankers, but there's an element of horse feathers".

Finite

■ Patient souls awaiting that most elusive event in the City calendar, the flotation of 3i, sustained a near mortal blow yesterday in the shape of a letter from Barings. With admirable foresight, 3i's financial advisers are giving advance warning of a briefing on the pathfinder prospectus – for Friday May 27 2094.

Just in case anyone thought that was a misprint, the letter goes on to reveal that the annual results for the year ended March 31 2094 will also be treated at the meeting.

FINANCIAL TIMES
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Ukraine leader accuses Yeltsin of fomenting separatist tensions

Kravchuk vents fury over Crimea

By Jill Barshay in Kiev and John Lloyd in Moscow

Mr Leonid Kravchuk, Ukraine's president, yesterday lashed out at his Russian counterpart, Mr Boris Yeltsin, accusing him of fuelling separatist tensions in Crimea.

"A president can only issue warnings to his own government bodies and ministers and not to the presidents of other countries," Mr Kravchuk said, condemning Mr Yeltsinin an address to military veterans in Kiev.

He blamed Mr Yeltsin's advisers for aggravating tension and accused the Russian media of spreading "rabid and dishonest" information about Crimea, where the local parliament has restored a 1992 constitution – denounced by the Kiev authorities as an initial step to secession.

"This is a serious question because we do not accept state level attacks on neighbours with whom we want long-term friendly and equal relations, not just for a single day," he said.

Mr Kravchuk adopted a more peaceful stance in a meeting with Mr Douglas Hurd, UK foreign secretary. "We have no intention of using force. I'd like to stress that," he told Mr Hurd, adding that he hoped foreign support for Ukraine within its present borders would continue.

The Kiev parliament has issued a Monday deadline for Crimea to rescind its constitution. There has been increased military activity on the peninsula.

Simultaneous negotiations in Moscow and Kiev have failed to resolve the stand-off. In Kiev, talks with Crimean politicians concluded unsuccessfully yesterday. Crimean MPs refused to withdraw their assertive constitution, but did agree to establish joint commissions with Ukraine for further discussions on issues such as economic policy.

In Moscow talks involving the Russian, Crimean and Ukrainian prime ministers were said last night to have produced an agreement on the future of the Black Sea Fleet, based at the Crimean port of Sevastopol. The prime ministers have agreed to base the Russian and Ukrainian fleets in separate ports.

The official news agency TASS said "It is expected that in the final document precise conditions will be laid down for the division of the infrastructure of the Black Sea Fleet, and also for the issue of the bases for the national fleets."

Unconfirmed reports from the meeting suggest there is agreement in principle that the Russian share of the fleet will remain in its base of Sevastopol - on condition that it remains a Ukrainian city.

Ukraine's foreign minister, Mr Anatoly Zlenko, is eager to seek support for his country's position from the United Nations and other multilateral western organisations.

Britain, the US and Germany have expressed support for Ukraine's current borders, but Mr Zlenko is pressing for a "broader statement" that would show that the international community shows a clear understanding of "the territorial integrity of Ukraine".

Privatisation in Europe could cost over 800,000 jobs

By Peter Norman, Economics Editor, in London

Privatisation in Europe could cost more than 800,000 jobs by the end of 1998 as previously sheltered nationalised industries face up to tougher competition, a joint study by six European economic research institutes warns today.

The Ereco network of research institutes says that more than 120 companies in the European Union and the European Free Trade Area, employing more than 3.5m people and with annual sales of Ecu400bn ($464bn), are candidates for privatisation. Ereco's forecast suggests more than one in five of the present labour force in these companies will lose their jobs.

The expected job losses in the period from 1992 to 1998 are concentrated in France, where 290,000 are expected to go, Italy (180,000) and Germany (140,000). The heaviest concentration of labour shedding is expected in the telecommunications sector, where an estimated 268,000 jobs will be lost, followed by energy (250,000) and transport (77,000).

The Ereco estimates are based on Britain's experience of privatisation and subsequent corporate restructuring. Five UK privatised industries – British Telecom, British Gas, British Airways, British Steel and the electricity supply companies – shed more than 300,000 jobs in the 1980s.

The Ereco report comments: "The scope of the new privatisation programmes across the whole of Europe in the 1990s threatens to dwarf this in its employment impact."

It predicts that more than 1.1m jobs could be lost if restructuring is especially severe. Much will depend on how far governments press for deregulation and market liberalisation in the telecoms and energy sectors.

But "perhaps only 500,000 jobs will be shed" if output growth turns out to be particularly strong in the newly privatised industries or if governments take action to prevent the full employment implications of privatisation.

The report warns, however, that mounting competition and the reduced opportunity for states to intervene to protect national champions mean that eventual job losses, totalling about 800,000, are unlikely to be postponed for long.

Ereco expects privatisation in Europe to become a big political issue.

Ereco members are Cambridge Econometrics of the UK; Ifo Institut für Wirtschaftsforschung, Germany; BIPE Conseil, France; Prometeia, Italy; NEI, the Netherlands; and Wifo of Austria.

Europe in 1998, available in UK from Cambridge Econometrics, Tel (0223) 460760, fax (0223) 464378. Ecu1,400.

Britain announces measures to boost competitive edge

By Peter Norman and Roland Rudd in London

The UK government yesterday launched its long-awaited white paper on boosting Britain's competitiveness with a promise to raise standards of vocational education and training and provide a better climate for business.

The document, presented with much razzmatazz by Mr Michael Heseltine, trade and industry secretary, contained a multitude of initiatives on employment, management, communications and infrastructure, innovation and export promotion.

However, the document admits that many of the measures outlined were existing ideas that had been repackaged and brought together to constitute a strategy.

Mr Heseltine said it contained 61 new proposals. He said the proposals would not lead to any overall increase in planned public expenditure, in spite of the government's intention to provide an extra £300m ($450m) over the three years to 1997-98 for education and training.

In another initiative, Mr John MacGregor, transport secretary, announced proposals to privatise the UK's air traffic control system. National Air Traffic Services may be floated on the stock exchange, becoming a private sector contractor to the Civil Aviation Authority.

Mr Robin Cook, trade spokesman for the opposition Labour party, said the proposals were an admission of Britain's competitiveness problem.

He added: "This is a bankrupt statement from a government on the verge of liquidation."

The document said Britain has "an enormous task" correcting more than 100 years of relative economic decline.

Mr Kenneth Clarke, chancellor of the exchequer, said he would be looking at how far UK companies had achieved the right balance in paying out a greater proportion of their profits in dividends than continental companies.

However, he dismissed suggestions that he was envious of German industry's long-term approach to investment. "Germany has lost its competitive edge against British industry" he said.

The broad coverage of the white paper reflects the Trade and Industry Department's view that there is no single cause or no small number of causes for the UK's competitiveness problems.

In focusing on many facets of the economy, the white paper is intended to provide ministers with a check list to judge future progress towards making government policy more friendly to business in an increasingly competitive world economy.

Editorial Comment, Page 15

THE LEX COLUMN

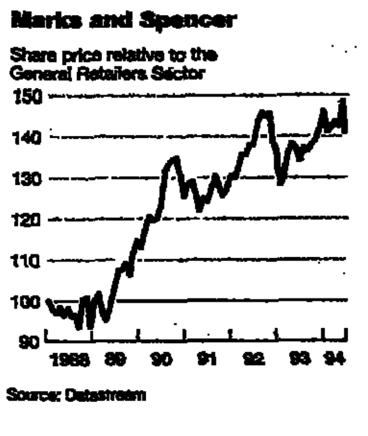
Full marks for M&S

It has become a stock market tradition to greet Marks & Spencer's full year results by marking down its shares. Last year worries about the company's annual pay award were behind the fall. While M&S has delivered on its promise that higher pay would be earned through productivity gains, yesterday's figures contained an unexpected £16m pension charge. Since that amounts to 2 per cent of profits and is likely to be repeated, it could be argued that the 3 per cent fall in the shares yesterday is a rational response. Yet M&S's management has little control over the pension charge. In areas which matter there is no reason for disappointment.

Turnover growth in the UK of 9 per cent over the full year – and rather more in the second half – is ample evidence that the "outstanding value" campaign has got the top line moving again. Market share has been increased at the right point in the cycle, without giving anything away in terms of margin. Rising raw materials costs may squeeze margins this year, but productivity gains leave M&S well placed to cope. Doubters who predicted that its food business would be ravaged by price competition from the supermarket giants have also been firmly rebutted.

If M&S has a problem – other than the irritation of another poor performance in Canada – it is deciding how to invest its cash flow. After the chastening experience with Brooks Brothers an acquisition looks unlikely. The financial services business can support itself and overseas capital spending of £63m is not enough to stop M&S accumulating cash. A credible solution on that score would reinforce the group's formidable momentum.

FT-SE Index: 3089.1 (-19.3)



Source: Datastream

Germany

The Bundesbank always has an excuse for the explosion in M3 money supply. This time it is the particularly ingenious one that broad money is being swollen by the size of the central bank's own profits. But, after April's annualised increase of 15.8 per cent, it will take a miracle for the 1994 target to be met. The aggregate would have to shrink by DM5bn between now and the end of the year to hit even the top of the target.

By July at the latest the bank must confront this reality. Then its council is scheduled to review progress towards meeting this year's target. It has numerous options: it could ignore the overshoot, suspend the target temporarily, scrap it altogether, rebase it to a different period that excludes the tax-related inflows at the end of last year, choose another aggregate on which to focus, or raise the target ceiling. None of these, however, will restore the Bundesbank's flagging credibility with the bond market.

Perhaps it would have been different if the bank had not itself made such a fetish of the M3 target. One of its hopes at the time of the last rate cut was that lower short term rates would encourage investors to move further out along the yield curve. There is little evidence of this so far, despite the sharp steepening of the curve since the start of the year. The worry spreading outward from the US is one factor. But the Bundesbank's inability to get a grip on the money supply is also likely to hold Germany's bond market back, especially now there is a whiff of economic recovery in the air.

Thorn EMI

There may be some value in combining a music business with a book publisher. But Thorn EMI will have to work hard to convince investors of the benefits if it does decide to acquire a publisher. There are obviously similarities between music and books. They both involve handling creative talent and have similar distribution systems. What is more, several of the other music majors – Warner, MCA and Bertelsmann – are also in books.

But none of this amounts to a compelling case. Thorn will need to show not merely that book and music distribution systems are similar but that combining them could cut costs. It will also need to show that the group's skills in managing intellectual property can be transferred from one area to the other. Otherwise, shareholders will be worried that the group's resources could be squandered.

The sums involved could be large. One indication is that Thorn would be happy for interest cover, currently 10, to fall to three or four. To get to such a level, net debt would have to rise by £600m or more. Before Thorn embarked on a big publishing acquisition, investors would probably also want to see earnings in the existing business moving ahead. The 3.4 per cent increase in adjusted earnings per share in the last financial year was hardly much to crow about.

Meanwhile, a demerger of the music and rental businesses inches forward. The rechristening of the rental side as the Thorn Group is a step in that direction. But chairman Sir Colin Southgate thinks a split cannot take place until the troubled defence interests are sold. Given that these have been on the block since 1989, a quick disposal cannot be guaranteed.

BET

BET's management claims to have nursed the company back to corporate health, but it is a shadow of its former self. Since 1990 shareholders' funds have halved to £260m despite a £200m rescue rights issue, the dividend has fallen by 75 per cent and turnover has fallen by a quarter. Profits have more than halved, notwithstanding last year's recovery. Admittedly the group has net cash on its balance sheet and the focus has sharpened to four basic business areas. But Mr John Clark, the chief executive who masterminded the surgery, must now put some flesh back on the bones.

It will be a daunting task. Though BET has managed 14.7 per cent margins in its textile cleaning services, margins on other activities such as contract cleaning and security personnel services are slow to recover. Plant hire, which consumes more than its fair share of capital, looks a particular drag.

Nor does the newly sanitised balance sheet offer much scope for funding acquisitions with cash, especially since capital spending is at last being permitted to increase. Given the problems it faced at the outset, the management may be forgiven for some sense of satisfaction. Yet its optimism must be tempered by the board's decision to defer increasing a dividend which is more than twice covered.

IBM moves all advertising to Ogilvy & Mather

Continued from Page 1

£54.4m for the year ended December 31 1993, up from £7.8m the previous year.

In spite of the improvement in performance, Mr Martin Sorrell, chief executive, was cautious about the forecast for this year, saying that recovery for the industry was "still unstable and uncertain". The group's other main advertising network is J. Walter Thompson. WPP shares gained 6p last night to close at 126p. O&M, which has among its other clients American Express, Ford and Unilever, will also become responsible for a substantial proportion of IBM's direct marketing. Ms Kohnstamm said the agency would help "deliver clear, consistent messages, in the most efficient way possible".

Advertising agencies which will lose out because of the consolidation include Lintas, DDB Needham, and McCann-Erickson.

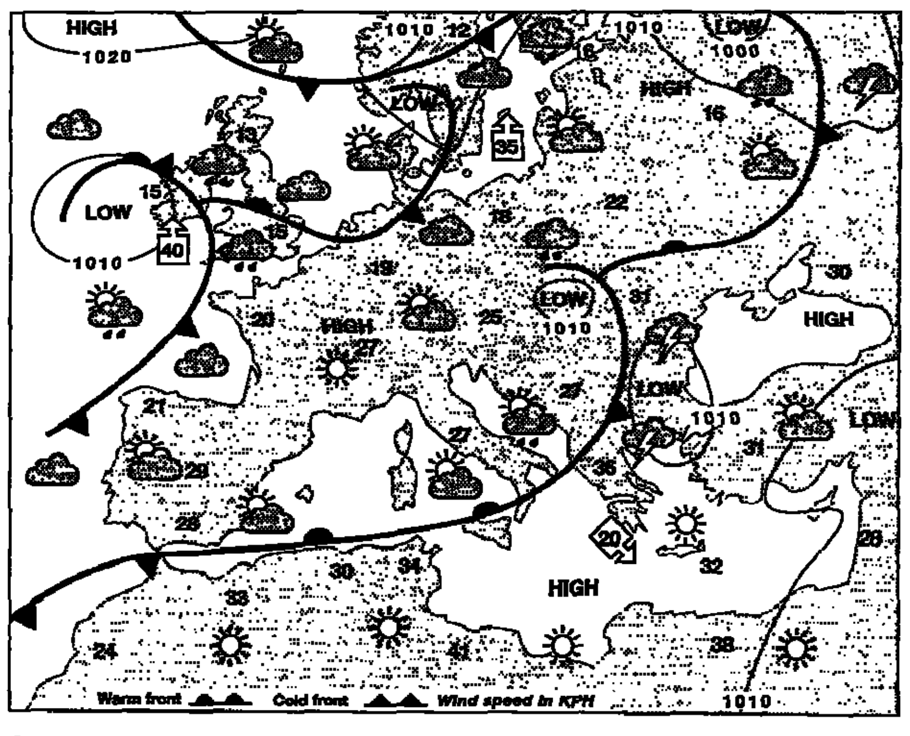
FT WEATHER GUIDE

Europe today

Low pressure will produce rain over Ireland, Wales and south-west England. The Benelux and northern France will also be unsettled with a few showers but some sunshine. Scandinavia will have sun and showers which will be wintry in the north with hail and sleet. The northern Balkans will be cloudy with outbreaks of rain, while the southern Balkans will have showers and thunder storms. Southern France, Spain and Portugal will be warm and rather sunny. It will be very hot in Greece with temperatures up to 36C. Italy will have sunshine and isolated showers.

Five-day forecast

On Thursday, northern France, the Benelux, Germany and the Alps will have showers, sometimes with a rumble of thunder. The UK will also be cloudy with showers. Later in the week, the showers will spread to the northern Balkans. As a result, conditions will improve in western Europe. The sun will return, but it will be rather cool. Southern Europe will remain warm and rather sunny. From Saturday, thundery showers will develop over Spain and will move north.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	39
Accra	shower	32
Algiers	cloudy	30
Amsterdam	shower	17
Athens	sun	35
Atlanta	thund	31
B. Aires	fair	20
B.ham	cloudy	14
Bangkok	shower	36
Barcelona	sun	25
Beijing	fair	27
Belfast	rain	14
Belgrade	cloudy	27
Berlin	shower	18
Bermuda	fair	26
Bogota	shower	19
Bombay	fair	33
Brussels	shower	18
Budapest	thund	24
C.hagen	cloudy	15
Cairo	sun	38
Cape Town	sun	18
Caracas	cloudy	31
Cardiff	rain	14
Casablanca	cloudy	24
Chicago	cloudy	18
Cologne	fair	20
Dakar	fair	26
Dallas	fair	31
Delhi	sun	41
Djakarta	cloudy	31
Dubai	sun	37
Dublin	rain	13
Dubrovnik	sun	30
Edinburgh	fair	13
Faro	fair	24
Frankfurt	shower	22
Geneva	sun	24
Gibraltar	fair	28
Glasgow	fair	14
Hamburg	shower	16
Helsinki	fair	16
Hong Kong	shower	31
Honolulu	cloudy	30
Istanbul	shower	31
Jersey	fair	15
Karachi	fair	35
Kuwait	fair	43
L. Angeles	fair	22
Las Palmas	cloudy	24
Lima	cloudy	21
Lisbon	sun	23
London	fair	17
Lux.bourg	fair	18
Lyon	sun	25
Madeira	cloudy	22
Madrid	fair	29
Majorca	sun	28
Malta	fair	33
Manchester	cloudy	14
Manila	thund	31
Melbourne	shower	16
Mexico City	fair	22
Miami	fair	31
Milan	sun	30
Montreal	rain	16
Moscow	shower	15
Munich	fair	23
Nairobi	cloudy	26
Naples	fair	30
Nassau	fair	31
New York	shower	24
Nice	sun	24
Nicosia	fair	32
Oslo	fair	19
Paris	fair	21
Perth	fair	21
Prague	shower	20
Rangoon	fair	34
Reykjavik	fair	10
Rio	thund	25
Rome	sun	27
S. Frsco	fair	21
Seoul	rain	21
Singapore	shower	31
Stockholm	fair	19
Strasbourg	shower	22
Sydney	thund	21
Tangier	cloudy	24
Tel Aviv	sun	34
Tokyo	fair	26
Toronto	rain	16
Vancouver	shower	19
Venice	fair	26
Vienna	shower	24
Warsaw	cloudy	20
Washington	thund	29
Wellington	cloudy	17
Winnipeg	sun	17
Zurich	fair	22

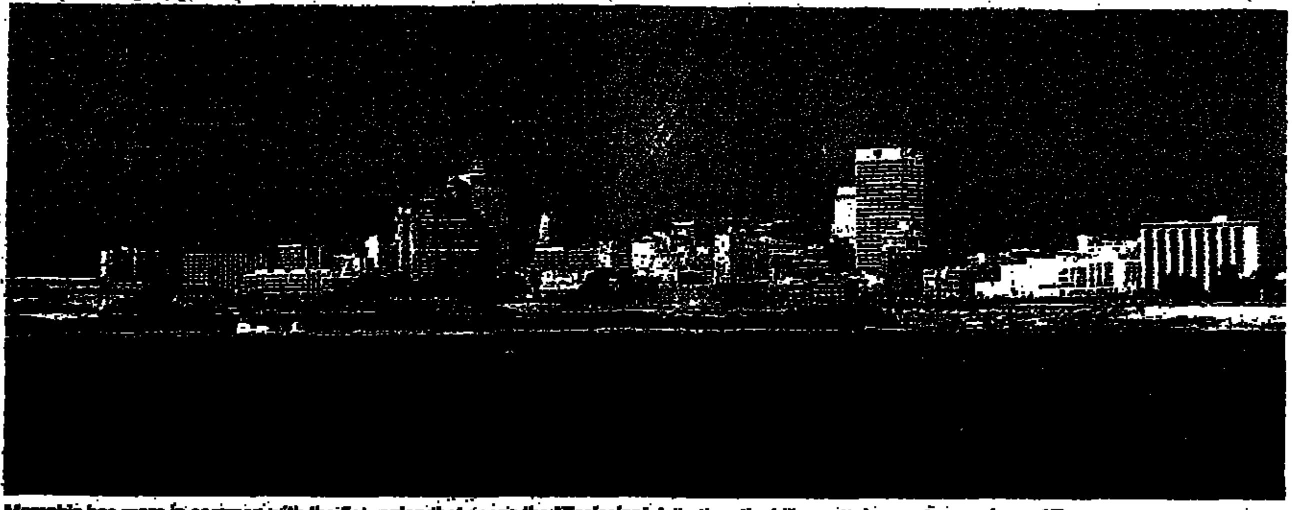
FINANCIAL TIMES SURVEY

TENNESSEE

Wednesday May 25 1994

The economy: steady growth at a rate above the national average......Page II

The motor industry: carmakers look to the south......Page III



Memphis has more in common with the flat region that spans the Mississippi delta than the hilly central or eastern regions of Tennessee *Picture: USTTA*

Search for a new identity

A poverty-stricken state has clawed its way up to become one of the more successful in the "New South." **Richard Waters** reports

The people of Tennessee spend much of the time comparing their state with other states or cities of the South. "Not as bad as Mississippi or Louisiana," you hear of the educational system. "Behind Atlanta, but ahead of Charlotte," someone says of Nashville.

Perhaps it isn't surprising. A land-locked state which shares its borders with eight others, Tennessee sits squarely in the middle of the South. It looks like a fiction created by map makers; a thin wedge cut out of the underbelly of the US which extends between two distant natural borders – the Mississippi river to the west, the Appalachian mountains to the east. What can there be that unites this disparate place?

But there is another reason for the comparisons, the constant assessment and reassessment of how well Tennessee is doing. The new middle classes in Tennessee's cities are searching for an identity. Once, the state took its identity from the land: the cotton fields of the the Mississippi delta, for example, or the wooded hills of the east.

The importance of cotton – and the textile businesses which it supported – has receded. Tennessee has suffered the same rural depopulation as much of the US.

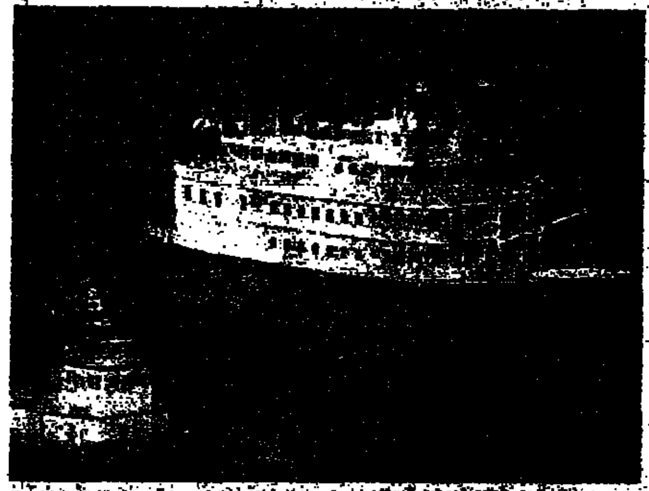
Many of the new jobs are in manufacturing plants, such as carmaking, or service industries such as healthcare or distribution. Many of the managers who run these new industries have moved to the state from the north-east of the country, from the nation's rust belt, or from some far-away country. Tennessee has been spectacularly successful in attracting overseas companies in recent years, particularly from Japan and the UK.

Mr Bob Margo of Vanderbilt University in Nashville calls it "the end of regional economic identities" in the US.

The transformation has been striking. A poverty-stricken, largely rural state has clawed its way up from the bottom of the pile to become, in economic terms, one of the more successful in the "New South."

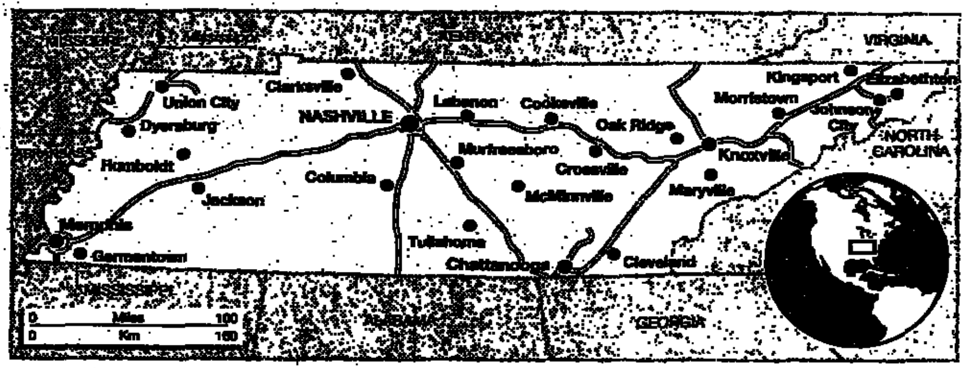
A decade ago, Tennessee ranked 45th out of 50 US states in terms of per capita income. Now, it is 35th. A recent target set by a new coalition between business and government agencies, known as Tennessee Tomorrow, is to reach parity with the national average within 10 years.

It has already come a long way from Roosevelt's "New Deal" era, when the Tennessee Valley Authority was created to bring cheap power and, with it, jobs to an impoverished region. The Corporation for Enterprise Development, a not-for-profit entity based in Washington DC which compares the economic performance and prospects of US states, puts Tennessee in the top fifth of the country in terms of economic vitality – thanks to a diverse economy, strong inward investment in manufacturing and the competitiveness of its existing businesses.



Paddle steamers still navigate the Mississippi; Tourism report, Page V

Analyses such as these usually put Tennessee ahead of immediate neighbours Mississippi, Louisiana, Alabama and Arkansas, as well as more distant Southern rivals such as Florida. But the state's economic growth struggles to be compared with Georgia, North Carolina and Virginia.



While these comparisons are encouraging, others are less flattering. In particular, Tennessee suffers from a long-standing underinvestment in its education system, which ranks at least as bad as its Southern neighbours. The state comes 41st among US states in its high school graduation rate, and a lowly 47th in terms of the number of heads of households who have had at least 12 years of education.

Also, Tennesseans have done little to spread their increasing wealth across the population as a whole. "Where it [the state] really scores poorly is equity – there is a great income disparity between urban and rural, and between the rich and poor," says Mr Brian Dabson, head of the Corporation for Enterprise Development.

By the Corporation's measure of income distribution – comparing the incomes of the most wealthy fifth of the state's population with those of the poorest – Tennessee ranks 45th in the country.

Also, it retains a regressive taxation system, with a hefty sales tax and no tax on earned income. Efforts to introduce a state lottery – a move in line with other states, and one which would raise an estimated $100m a year – have fallen foul of Tennessee voters' disapproval of all gambling. This is, after all, the heart of the Bible Belt.

Much of the poverty that remains is to be found in the countryside. The growth that has come to the state's biggest cities – Nashville, Memphis, Chattanooga and Knoxville – has largely failed to spread into other areas. "We did very well in the 1980s but it was concentrated in urban areas. Rural areas have suffered," says Mr John Gnuschke, head of Memphis State University's centre for business and economic research.

The state administration of Governor Ned McWherter, who this years completes two terms in office, has made efforts to right the balance. Mr McWherter, a Democrat who likes to relate how he was born on the kitchen table of a farm in the north-west of the state, has put rural development high on his agenda.

An infrastructure programme has added 1,000 miles of new roads since Mr McWherter took office, linking rural areas with the state's highway system. Under a new healthcare scheme, Tennessee has this year extended a degree of medical cover to 400,000 low-income people who did not previously qualify. And spending on education has been lifted, with a redirection of resources towards poorer areas.

"Within one or two years, funding will be equalised within one or two per cent for every girl and boy across Tennessee," Mr McWherter says.

The question is not whether the administration has targeted the right areas for development, but rather whether it has done enough. Tennessee continues to promote itself as an accommodating home for business, with lower wages than the national average, a more conducive tax regime and fewer trades union members. It is a message which has brought companies to the state but the greater prosperity that has resulted has failed to trickle down sufficiently to alleviate some deep-seated social problems.

"Think of it as another country," says Mr Margo. "It has come a long way from a very, very poor base, and it is continuing to converge. But the last few yards will be the hardest: they involve the convergence of attitudes."

Meanwhile, cities such as Nashville and, to a lesser extent, Memphis, are discovering a new sense of confidence as important centres in their own right. Memphis, on the far south-eastern tip of the state, is frequently referred to as "the biggest city in Mississippi." It has more in common with the broad flat region that spans the Mississippi delta than the hilly central or eastern regions of Tennessee.

Music has brought national recognition to both Nashville, centre of the country music industry, and Memphis, home of the blues. But members of their growing middle-class populations, many of them from outside the state, crave other symbols of their success.

The search for a local identity has found its most obvious outlet in the pursuit of a big league sports team. For these emerging cities, a big sports franchise would bring status and exposure nationally, allowing them to stand their ground against the capitals of neighbouring North Carolina and Georgia.

"We want to be like Atlanta – we want a team," says Mr Gnuschke. "We're desperate for recognition and acceptance in a national network of successful cities. We're struggling to keep pace."

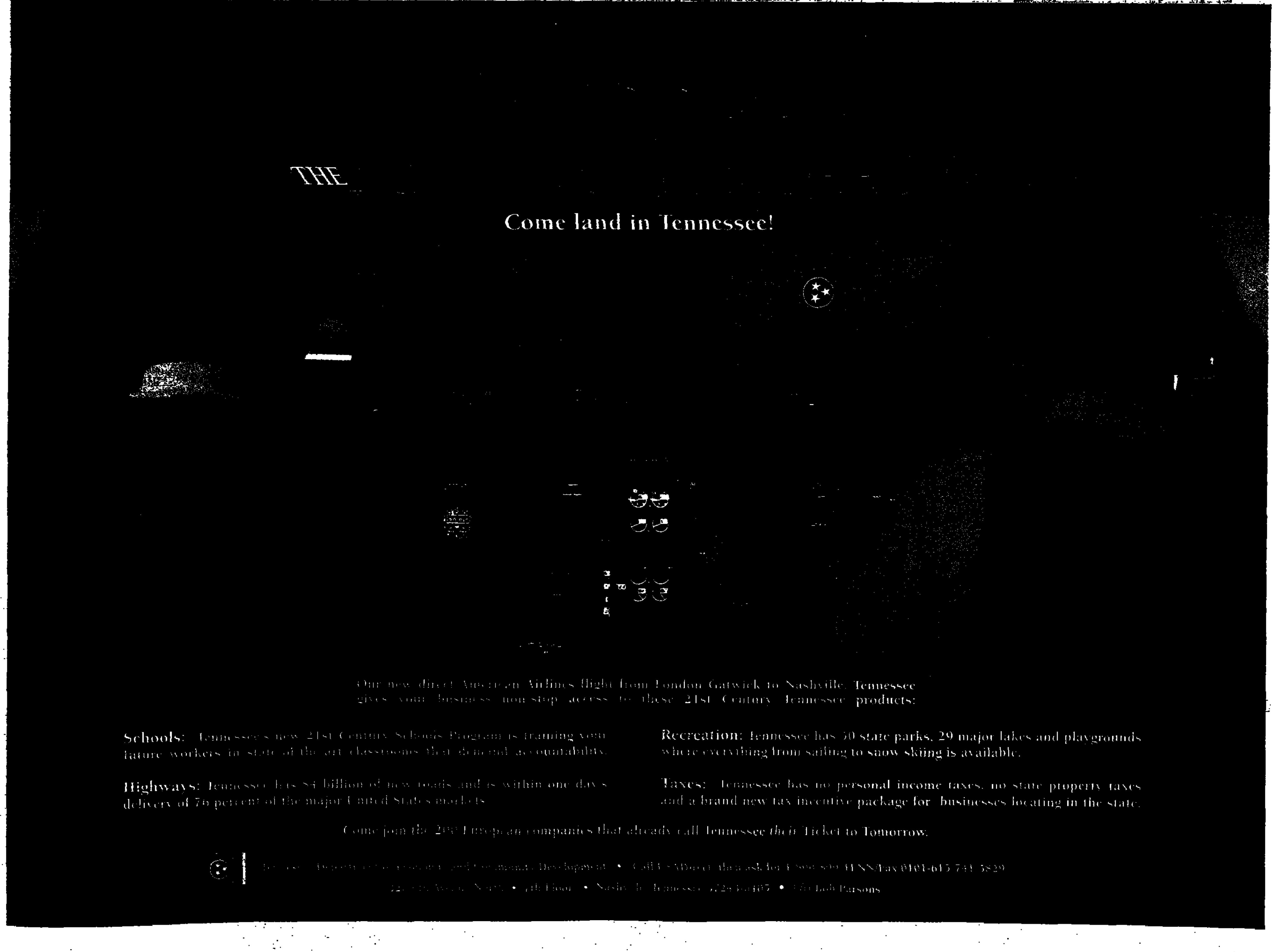
Everywhere you go, the talk is of bringing a big league sports team to Tennessee. Memphis failed in its attempt to win a football franchise last year, while Nashville is currently in pursuit of both ice hockey and basketball teams.

According to Mr Dick Evans, chief operating officer of Gaylord, the entertainment group: "This community is starving for professional sports. It is the largest market in the nation without a franchise."

Mr Evans, a former head of New York city's Madison Square Garden, is bidding to bring teams to play in a new 20,000-seat arena under construction in downtown Nashville. It may not sound much but for Tennesseans, success would help reinforce the claim that they have finally arrived on the national stage.

IN THIS SURVEY

Editorial production:
Phil Sanders



There is steady economic growth at a rate consistently above the national average, writes **Richard Waters**

Economy is maintaining its momentum

A broad-based economy – and the continuing benefits of investment from outside the state – helped Tennessee to shrug off the nation's shallow recession in the early 1990s. The same factors are now propelling steady economic growth at a rate consistently above the national average, in turn supporting a gradual rise in state-wide living standards towards the US norm.

During 1993, while the US economy as a whole grew at 2.9 per cent, the Tennessee valley region – covering Tennessee and some rural counties in six neighbouring states – advanced 6.4 per cent, according to Mr Juan Gonzalez, a senior economist for the Tennessee Valley Authority.

In the state of Tennessee itself, the number of jobs rose about 4 per cent during the year, while job growth in the country as a whole reached only 3 per cent. The state's unemployment rate over the same period fell from 6 per cent to about 5.5 per cent, while the national jobless rate dropped from 7 per cent to 6.5 per cent. Tennessee's unemployment rate has remained below the US rate for the past three years.

This steady growth owes much to the state's success since the early 1980s in positioning itself as an attractive manufacturing base. New car plants operated by Nissan – which began production in 1983 – and General Motors' Saturn division – 1990 – and the car parts suppliers attracted to the state by these facilities, have underpinned the growth. The upturn in the US vehicle industry last year had much to do with the state's overall economic performance.

Even though Tennessee has failed to win recent "trophy" facilities – a BMW plant, being built in South Carolina, and Mercedes-Benz, in Alabama – its parts suppliers should still benefit from the strengthening of the car industry in the Southern states. Now, about 23 per cent of Tennessee's jobs come from manufacturing, compared with a US average of 16 per cent.

The influx of new jobs came at a vital time. The recession of the early 1980s cost the state one out of every six of its goods-producing jobs, mostly in the textile and leather industries.

Those jobs have never returned: employment in textile and related industries has continued to fall, dropping another 15,000 in the past five years to about 85,000 now.

But while Tennessee's manufacturing sector has bucked the national norm, the real job growth of the past decade has come – as it has in other states – from services. And most of those service jobs have come in metropolitan, rather than rural, areas.

Both Nashville and Memphis, for example, have strong healthcare industries. Nashville was home to the largest private US hospital group, HCA, until the company was taken over by Columbia last year.

"Clearly, healthcare has been part of the success of the urban area," says Mr John Gnuschke, director of the business and economic research bureau at Memphis State University.

Memphis, for its part, has developed into an important distribution centre. Although it has failed to match the explosive development of Nashville in the past two or three years, it has experienced "slow steady growth, associated with slow, steady population growth," says Mr Gnuschke. Mr John Kelley, president of First Tennessee Bank, reports "moderate growth – but with it has come stability, which isn't all bad."

As wage levels have risen, Tennessee has begun to turn its sights to better-quality jobs – and in the process discovered that its skills base may not be adequate

Nashville, meanwhile, has benefited from playing host to both the state government and the country music industry, as well as a disparate range of service and manufacturing industries. The property US slump of the late 1980s, though hurting Nashville more than other urban centres in the state, was not as devastating as that experienced by many other US cities – nor was the over-building as extreme. As a result, Nashville once again has a thriving construction sector and has regained a strong self-confidence, buoyed by the growing popularity of country music.

The advantages that have stood the state in good stead over the past decade may not be sufficient on their own to sustain the momentum. The benefits of growth – higher personal incomes, for example – are undermining one of the traditional arguments for basing business in the state: a low-cost workforce.

By the end of 1992, the average hourly wage in the state was $10.12, compared with a US level of $11.45. The attraction to manufacturers of non-unionised labour may also be less than is commonly perceived: about 17.5 per cent of workers in manufacturing jobs in the state are unionised, compared with 21 per cent for the country as a whole.

"Cheap labour is only any good [at attracting jobs] if it is really cheap," says Mr Bob Margo, an economics professor at Vanderbilt University in Nashville.

As wage levels have risen, Tennessee has begun to turn its sights to better-quality jobs – and in the process discovered that its skills base may not be adequate. "What we have to do to get competitive is improve our education," says Governor Ned McWherter. Like other Southern states, its public educational system is straining under years of under-investment. A recently launched programme to improve standards, particularly in rural areas, will take years to have an effect.

In the meantime, the quality of the local workforce remains one of the main concerns of employers in the region. A comment by Mr Lewis Nolan of Schering Plough's healthcare division, located in Memphis, is typical: The education system "needs improvement – we have to do a good deal of remedial education here," he says.

There are other, more specific challenges. First, Tennessee's economy could be more vulnerable than the US as a whole to a rise in the value of the dollar. According to Mr Gonzalez of the TVA, 14.3 per cent of the area's jobs are in industries which are vulnerable to import penetration – such as textiles – compared with 5.6 per cent in the nation as a whole.

Second, both east and west Tennessee face local threats. Each has its share of poor rural counties, for example, and each has suffered from being far removed from the perceived centre of state life, in Nashville.

In the eastern part of the state, the Department of Energy's Oak Ridge facility, which employs 16,000, could shrink fast in the years ahead as its budget is cut back. Efforts are under way to foster new high-technology industries in the area, using the extensive skills of Oak Ridge.

"The potential is very great – and the downside [from lost jobs] could be very bad," says Mr Richard Riebling, the state's commissioner for economic development.

Memphis, meanwhile, faces its own challenge from the south: the advent of river-boat gambling in nearby Tunica county, Mississippi. With Tennessee's ban on gambling unlikely to be reversed in the near future, Tunica will become a powerful draw for leisure dollars that were previously spent in Memphis.

Memphis, like many other US urban centres, is also beginning to feel the pinch from spending cuts in healthcare: the Baptist Memorial Hospital, the largest in the area, has cut 1,000 jobs in the past year and a half, and has some "pretty significant cost reductions in mind," says Mr Stephen Reynolds, the hospital's president.

Richard Waters finds that healthcare costs threaten state finances

Radical reforms under way

"Americans want their healthcare like they want their food: all you can get for $8."

The comment, by Joe Powell, chief executive of the Baptist Memorial Hospital in Memphis, sums up a familiar problem: despite soaring costs, Americans' expectations of healthcare have not moderated, imposing a drain on those who foot the bill – among them state governments.

Tennessee is no exception. If left unchecked, spiralling healthcare costs could wreck the state's finances. Through the Medicaid system, it provided healthcare to 1m people last year. Unlike other states, though, it has opted for radical and sweeping reforms in an attempt both to extend coverage of medical care and to bring down its cost. The experiment could provide an early pointer to the sort of shake-up that may come for the US as a whole from the Clinton health plan.

"We were getting big increases in Medicaid every year – no one can sustain that in a responsible government year after year," says Governor Ned McWherter. "It threatened the financial future and stability of Tennessee. It was taking away [resources] from education and infrastructure."

In 1987, the Medicaid system set the state back $700m and covered 400,000 people – a cost of $1,750 a head. By last year, the cost had risen to $3bn, and the number of people covered to 1m – or $3,000 for every person covered. Over the same period, the proportion of Medicaid spending met by the state, as opposed to the federal, government, remained essentially unchanged.

The state's first attempt to deal with this rising cost was to impose a tax on providers of healthcare – largely hospitals. This brought in $500m last year, but hurt hospitals in rural areas in particular.

Last year, the state acted to break the cycle of ever-higher taxes to match higher spending. Mr David Manning, the state's director of finance and administration, says: "No tax system could keep up with the costs." Instead of using its power to tax, the state chose to apply its influence another way – through its role as a big buyer of healthcare services. "Governments don't tend to use their purchasing power enough," says Mr Manning.

Depending upon your point of view, the result – a scheme known as TennCare – has either unleashed market forces on the healthcare market in Tennessee, or has brought state-mandated cost-containment of the most direct nature.

There is no surprise about which line the state's administration takes. "My intent in the reform was to put the healthcare providers out in the free market," says Mr McWherter. "They are not accustomed to that."

The response from physicians and hospitals has been equally predictable. "We concur with managed competition – but not with managed cost," says Mr Stephen Reynolds, president of the Baptist Memorial Hospital.

Under the new scheme, the state has set a flat annual capitation level of $1,600 for each individual covered – that is, the amount it has set for providing care to each person. The organisations which provide care don't receive the $1,600, though – the actual amount being paid is about $1,200. The difference, says the state, reflects the taxes which providers no longer have to pay.

This is much less than the $3,000-a-person average cost of care last year. But the new scheme does not pay for long-term and nursing home care, which remains in Medicaid. This accounted for $700m of the last year's $3bn of spending. Also, the state justifies its capitation level by reference to a similar scheme it has run for state employees for several years.

Under TennCare, the local Blue Cross-Blue Shield organisation and a number of private managed care organisations have competed to sign up people covered by the scheme. They receive cash for each person they sign up, and are responsible for buying healthcare from physicians, hospitals and others. Some managed care groups retain all of the financial risk – others share it with the healthcare providers.

The imposition of a cost ceiling has been accompanied by an extension of the scheme to as many as 400,000 people. These are people on low earnings who have not fallen into the Medicaid net before. So far, about 250,000 of these people have signed up.

The extension of coverage has agitated hospitals in the state. "To us, the mathematics do not work. You can't add 400,000 people and do it for the same amount as before," says Mr Reynolds at the Baptist Memorial Hospital.

The state hopes that limiting the amount of money available will act as a spur to greater efficiency, leading to no reduction in the level of care provided. In part, says Mr Manning, the result will be a switch from expensive medical interventions towards more cost-effective methods of care.

"We have in the past limited access to the most cost-effective forms of care – primary and preventative care," he says. "The basic economics in capitation encourage healthcare organisations to move towards preventative care."

Expectations of healthcare have not moderated Picture: Tony Andrews

The introduction of the scheme at the beginning of this year was accompanied by widespread confusion. Patients were left without treatment as many doctors refused to participate. The problem was particularly acute around Knoxville, in east Tennessee although now the Blue Cross-Blue Shield network in the area has returned to 95 per cent of its earlier coverage, says the state administration.

Most big hospitals agreed to take part from the start, although they grumbled about doing so. In one hospital, when obstetricians and anaesthetists refused to treat TennCare patients, the numbers of births by caesarean section fell sharply, as did the use of anaesthetics in childbirth. Supporters of the reforms point to this as evidence that "better" healthcare – a lower rate of surgical intervention and less use of drugs – has been the result. The doctors who would not participate in the scheme, and the women who gave birth, may well disagree.

It remains too early to judge how successful the scheme will prove. But it has at least one powerful virtue: it is different from what went before. As Mr Joe Powell, head of the Baptist Memorial Hospital, growls: "Medicaid was so bad, almost anything is better."

Martin Dickson says the motor industry is benefiting from a trend among manufacturers to look south

Third place in US new car production

"Ganbaro!" says a large sign at the trim shop in Nissan's Tennessee car assembly plant. The Japanese slogan means "Make it happen" and could stand as a motto for the Tennessee state motor industry, which has grown from small beginnings to one of the most significant in the US over the past decade.

Tennessee has been involved in the motor industry for many years, but its recent rise to prominence owes much to Nissan, which in October 1980 selected a site at Smyrna, Tennessee, south of Nashville, as the site of its first vehicle assembly plant in the US. Production began there in June 1983 and it now employs about 6,000.

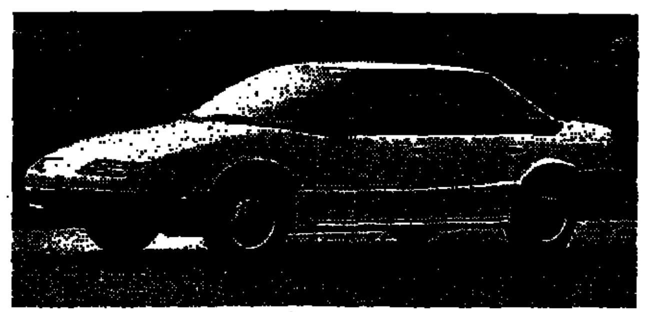
Then General Motors selected Spring Hill, a tiny rural community hidden away in the rolling hills south of Nashville, as the manufacturing site for its new Saturn car, a project designed to show that a US company, starting from scratch, could build a small vehicle equal to the Japanese competition. Saturn production began in 1990 and the company now employs more than 7,000.

The presence of the two assembly plants has greatly increased the number of vehicle parts suppliers in the state. Among the largest are Ford Motor, which makes vehicle glass, Nippondenso Tennessee, which makes starters and alternators, TRW, manufacturing air bags, and Harman Automotive, making mirrors.

Seattle-based Paccar's Peterbilt subsidiary has manufactured trucks in Nashville for the past 25 years and over that period it has doubled in size to employ about 1,000 people.

Tyre manufacturers Goodyear Tire & Rubber and Japan's Bridgestone-Firestone both have large manufacturing plants in the state and Bridgestone-Firestone moved its US headquarters to Nashville from Akron, Ohio at the start of this decade. Bridgestone, which had long been headquartered in Nashville, had shifted its headquarters to Akron after merging with Firestone in the late 1980s. But when this merger ran into financial problems, Bridgestone's management decided to return to Nashville, both to make a fresh start and have a geographically central location.

This influx means that Tennessee today ranks third in the US in new car production. It made some 514,000 vehicles, or 8.7 per cent of US production, in 1993. Admittedly, that is a long way behind Michigan, with 33 per cent of US production, and Ohio, with 16.2 per cent, but it makes Tennessee the leading southern car producer, followed by Georgia, with 6.4 per cent, and Kentucky, where Toyota has a large plant, with 4.5 per cent.


The Saturn car project cost GM $5bn and is barely turning a profit

In trucks, Kentucky is the leading southern manufacturer, ranking fourth with 10 per cent of output, while Tennessee is 13th with just 2.2 per cent.

The state has been one of the prime beneficiaries of a trend among manufacturers in general, and the car industry in particular, to shift production from high wage, unionised states in America's northern "rustbelt" to the south, where pay is lower, unions are less well entrenched, and employees retain a strong work ethic.

Other factors helping it attract manufacturing industry include relatively low taxes, utility costs, and living expenses; an innovative school system; and a central location, with good transport links to the industrial mid-west and south-east.

Tennessee lost out in recent tussles among south-eastern states to attract America's two newest car plants – one being built by BMW in South Carolina and the other by Mercedes-Benz near Tuscaloosa, Alabama. But both these states lured the German companies with huge subsidies which have raised eyebrows in state development agencies across the US.

Still, the Tennessee vehicle parts industry should benefit greatly from the Mercedes plant, which lies just 150 miles to the south of the state and is due to produce 65,000 vehicles a year from 1997. Alabama has virtually no motor industry of its own, and in choosing the Tuscaloosa site Mercedes expected to draw on Tennessee's supplier base.

But for all its strong growth, the Tennessee motor industry has not been immune from hiccups. Nissan, which led the Japanese import charge into the US market in the 1970s, saw its car market share stagnate in the 1980s. While other Japanese companies enjoyed large market share gains, Nissan produced dull, boxy cars at its Smyrna plant and sold them through a lacklustre US dealer network.

Now, however, Nissan is doing much better. After a $490m capital spending programme, the Tennessee plant has been manufacturing an attractively priced, stylishly designed new family sedan, the Altima, which has enjoyed strong sales.

The Smyrna plant has a capacity of about 450,000 units a year and a reputation for good labour relations. Apart from Altimas it makes the Sentra small car, pick-up trucks, and stampings for a mini-van which is manufactured in conjunction with Ford.

Asked what advice he would give BMW and Mercedes as they prepare to manufacture in the US, Mr Jerry Benefield, president of the plant, says: "Localise, localise – labour, parts supply, engineering." For by local sourcing a company not only saves costs but also understands the political and cultural subtleties of the US.

Saturn has also had problems. The plant got off to a dazzling start, creating an innovative, co-operative labour relations agreement with the United Auto Workers which has been widely hailed as a model for the industry. And the Saturn car rapidly became a strong seller, with a reputation for high quality.

However, the project has cost GM $5bn, is barely turning a profit and is facing stiff competition from a new generation of rival small cars. Production at Spring Hill was trimmed back in March because of heavy stocks of unsold vehicles but late in April the company said it was returning output to full capacity.

INWARD INVESTMENT

An upbeat identity can help

Seated in a Shanghai airport lounge not long ago, Mr Allen Neel, Tennessee's deputy commissioner for economic and community development, could hardly believe his ears. Country and western music was playing over the piped music system.

To Mr Neel, this not only proved the worldwide appeal of Tennessee's best-known export, but it also meant that the chore of marketing Tennessee to international investors could get a lot easier. After all, he had a state with an identity: the home of country music.

Amid the clamour of US states seeking investors, a state with an upbeat musical identity seems to have a helpful advantage. At least it is a conversation opener. But Tennessee has largely staked its fortunes on other more solid, un-glitzy attractions: low wages, a central US location, tax incentives, a modest cost of living and a pro-business, anti-union climate.

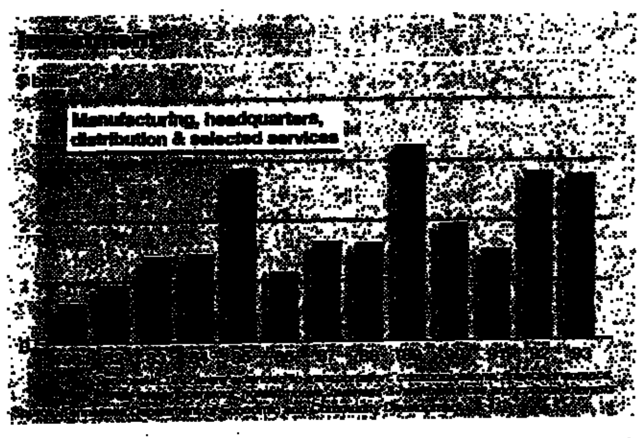
Such allures have been sufficient to draw $12.4bn worth of investment in just the past five years – more than a quarter of which, $3.6bn, was foreign. And, over the past decade or so as the motor industry has moved increasingly into the US south-east, Tennessee has netted a very sizeable chunk. Japan's Nissan and General Motors' Saturn chose Tennessee and many of their suppliers are spread around the state.

"Ten years ago, there wasn't a single auto made in Tennessee," said Mr Billy Stair, a top aide to Governor Ned McWherter. "Today, Tennessee ranks third [among US states] in autos."

If state officials have their way, Tennessee will further expand its automotive investment by capturing suppliers for the plants of BMW and Mercedes in, respectively, nearby western South Carolina and northern Alabama. To potential European and other suppliers of BMW and Mercedes, officials are emphasising that Tennessee is within one day's drive of every big auto manufacturing plant in the US.

This is part of a larger campaign to attract foreign investment. In an effort to capitalise on its new direct air link between Tennessee and London, the state began in April to market itself to more than 100 countries with a commercial on CNN International.

Yet Tennessee has had two key concerns about its industrial recruitment. It wants to keep its economy diversified, and it wants to spread the prosperity that comes from more investment to poorer regions of the state. For diversification, Tennessee is looking for a variety of non-auto investments, particularly in high technology. With a substantial scientific community – largely related to defence work – around Knoxville, Tennessee can offer brain power.




Chattanooga: one of the four cities on which much of the job creation used to be centred

In the past year, it has created a Science and Technology Council, with the participation of top defence contractor Martin Marietta, to develop a strategy about where the state should go in high technology.

It is also in the process "of thinking through where we are going in telecommunications," according to Mr Neel. The state installed an extensive fibre optic network largely to serve its more sophisticated manufacturers. But it has yet to determine how best to take advantage of its improved telecoms ability.

If the state's economic strategy doesn't seem to have caught up with its potential, this is in part because fast-paced economic progress in Tennessee is of recent vintage. Only since the arrival of important car industry investment in the 1980s has Tennessee pulled away from the South's traditionally languid growth rate.

Between 1982 and 1991, it had long-term employment growth of 18 per cent. In March, *"Biz"*, a Dow Jones magazine, ranked Tennessee's economy as the healthiest among the 12 south-eastern states. An example of Tennessee's economic fizz is that metropolitan Nashville added 14,000 jobs over the past year while New York City lost 27,000 and Los Angeles 70,000.

Yet, while the state's unemployment rate today runs about a full point below the national average, there is concern over economic disparity and a desire to reduce it.

When Mr McWherter took office seven years ago, much of the job creation had centred around the four leading cities of Memphis, Nashville, Knoxville and Chattanooga. Of the state's 95 counties, 40 were determined to be "economically depressed," with long-term unemployment rates of more than 12 per cent and per capita incomes of less than 75 per cent of the state average.

Governor McWherter set out to even out Tennessee's prosperity. He built roads to physically connect depressed areas with big interstate highways, and he improved their schools and healthcare facilities. He also offered special tax incentives to businesses creating jobs in depressed areas.

As a consequence, more than $1.4bn in private investment went to the poorest 40 counties during the past seven years, including 163 new manufacturing plants. Today, state officials say that only two counties have double-digit unemployment.

This will no doubt be a difficult record to match for whoever wins this year's gubernatorial election. But officials are hoping that many more investors, particularly foreign ones, will be humming country and western tunes.

Barbara Harrison

Barbara Harrison on plans to reform education

The aim is to create a competitive workforce

In 1990, 320 Tennessee companies were asked in a survey for their top recommendation to improve the state's business climate. The overwhelming answer – by 70 per cent of the companies – was that the most important thing to do was to improve education.

In Tennessee, as elsewhere in the American South, the poor quality of education has increasingly been viewed as a barrier to economic progress. The concern reflects the changing nature of the South's economy – from low-skilled assembly plants and textile mills to high-tech manufacturing and higher-skilled service industries.

Tennessee's response was an education reform plan called the 21st Century Schools Programme. The plan, launched by Governor Ned McWherter in 1992, includes an infusion of funding, a comprehensive revamping of the way schools are run – from kindergartens to high schools – and a set of basic goals that each local school system must meet by the year 2000. The aim is to create a workforce that can compete nationally and internationally.

Tennessee, like many of its neighbouring southern states, has traditionally ranked at the bottom of the US education ladder. Its schools were plagued by high drop-out rates and low scores on national academic achievement tests. As many as 20 per cent of high school graduates lacked the basic skills needed to be trained for jobs. Even students who went on to university often required remedial studies.

Governor McWherter's programme, funded by a 0.5 cent increase in the state sales tax, has injected funds directly into classroom expenditures, rather than teacher salary increases.

From the 1992-93 school year through to 1994-95, the state budget will have put $504m into the programme, which represents a 45 per cent increase, said Mr Billy Stair, the governor's top aide on education. By 1997, the programme will have generated some $900m in new funds for schools.

The previous governor, Mr Lamar Alexander, who served as George Bush's education secretary, had already brought some much-needed improvements to the pay scale for teachers during his tenure from 1978-1986.

But despite the salary rises for teachers, educational achievement still lagged in the mid-1980s and poor quality schools were increasingly viewed as the culprits in a growing skills gap.

Business leaders, weary of poorly prepared workers, asked Mr McWherter to "Give us a high school diploma that has meaning," recalls Mr Stair.

SCHOOL GOALS

Tennessee's goals for its schools are consistent with those set by the federal government for the year 2000. These include:
- High school proficiency test pass rates of 90 per cent.
- High school graduation rates of 90 per cent.
- Academic gains by all students at or above the national norm.
- Promotion rates of 97 per cent in kindergarten through 8th Grade; and
- Attendance of 95 per cent through Grade 6 and of 93 per cent through Grade 12.

While it is too early to measure the impact of the 21st Century Schools Programme with respect to improved examination results or better skill levels, the infusion of monies has helped to build, renovate and outfit more classrooms, buy books and computers, provide adequate bus transportation and equip vocational classes with modern equipment.

To address overcrowding in schools, class size was decreased by the hiring of 2,100 more teachers. Another 1,400 are expected to be hired over the next year.

Other aspects of the programme include:
- A new "fair and equitable" funding formula. Given that American schools are supported by local taxes as well as state and federal monies, the new formula provides more state money to schools in poorer districts which have smaller tax revenues. The formula helps remedy the inequality of funding for schools in rural Tennessee and in urban minority communities.
- Higher academic standards. Students in all grades will be tested to assure they have attained or exceeded the national standards for achievement. To graduate from high school, students will have to pass a proficiency test for basic skills.
- Increased school accountability. Schools are held accountable for the achievements of their students. A "report card" on how the students have performed in tests at each school is issued to the public.
- Greater local decision-making and control. The state has freed its 139 school systems from 3,700 burdensome rules and regulations about how they should be run. And, while increasing their budgets, the state has refrained from telling them how they must spend their monies. Instead, the state has demanded that they attain national achievement standards at a minimum.

If schools fail to perform, they will face sanctions, such as sacking the district superintendent or the local school board. If they exceed performance, they are rewarded with extra funds.

The programme, backed in the legislature by both Republicans and Democrats, has received little criticism. It has also been lauded by national education experts such as the University of Pennsylvania's Centre for Research and Evaluation in Social Policy.

But doubts exist that the funding will be sufficient to achieve its goals.

Nonetheless, while performance improvements are still not clearly in evidence, Tennessee officials believe the programme is already yielding important results. "The first and most dramatic change has been just a change in attitude," says Mr Wayne Qualls, Tennessee commissioner of education. "Local school administrators, principals and school boards now all say 'We want to make a change.'"

TENNESSEE IV

Martin Dickson investigates the music industry

A lucrative lift for Nashville

A building surge is under way on Nashville's Music Row, the centre of America's country music industry, as record companies invest millions of dollars in new or expanded offices.

Los Angeles-based songwriters have begun checking out the Nashville housing market because they are thinking of moving there from the West Coast. And in downtown Nashville, work is under way on an entertainment complex which will house a country music dance club-concert hall and a television production centre.

All attest to the extraordinary growth of the past few years in the country music industry, which is synonymous with Nashville and which is giving a substantial lift to the Tennessee economy.

Country music's share of US record sales has soared from just 6.8 per cent in 1989 to 17.5 per cent in 1993. Record revenues have leapt from $921m to $1.76bn.

In 1993 more than 41 per cent of the US population tuned their radios to country stations, compared to 34.2 per cent just two years earlier. The format has been making big gains outside its traditional base in the American South.

Boosters in Nashville claim that country stations are now ranked number one in the ratings in such unlikely northern markets as Seattle, Buffalo and Baltimore.

Now the industry is making a push to conquer the world: Garth Brooks, country music's most popular artist, has just been on a European tour, and Europe's first full-time terrestrial country radio station is starting to broadcast from London.

It is a lucrative sea-change for Nashville, since after a series of booms in the 1950s and 1960s, country music became stuck in a rut in the early 1980s. Dominated by middle-aged stars with a penchant for elaborate, old-fashioned costumes, playing music with a synthetic, syrupy sound, it faced a downturn in sales.

The turnround is due to two main forces. The first is a new breed of much younger musicians with lots of sex appeal, carefully cultivated by the record companies.

The men tend to be known collectively as "new country hunks" or "hat acts," because of the cowboy hats many of them favour. They dress in plain, figure-hugging blue jeans.

Both male and female artists tend to sing songs with a much simpler, more traditional sound, emphasising fiddles, guitars and a single voice. And their lyrics have a more contemporary flavour.

Country has been helped by the sheer weakness and fractured nature of other pop formats

For example, Garth Brooks, the biggest phenomenon to hit the industry in decades, has tackled delicate subjects such as wife-beating and date rape.

Country has been helped by the sheer weakness and fractured nature of other pop formats. Ageing baby boomers find it easier to relate to country – which reminds them of early 1970s rock groups such as The Band and The Eagles – than to rap, grunge or heavy metal.

The second important factor is the growth of cable television in the US, bringing specialised country channels into homes across the nation, far beyond the music's traditional heartland.

The Nashville Network, which began in 1983, reaches 60m US homes. It has a magazine format, mixing music with programmes on other subjects which stir the soul of rural America, such as bass fishing, pick-up trucks and drag racing.

Its more recently established sister channel, Country Music Television (CMT) is in almost 25m US cable homes, a 44 per cent increase in a year, and reaches more than 38m homes worldwide. CMT broadcasts non-stop country music pop videos.

Both channels are owned by Nashville-based Gaylord Entertainment, which has become to country music what Walt Disney is to children's entertainment, with interests ranging from theme parks to hotels.

At the heart of the Gaylord empire lies the Grand Ole Opry, a folksy country show broadcast from Nashville ever since 1925. The Opry has played a crucial role in commercialising country music – which stems from the folk ballads of 18th century immigrants to the Appalachian mountains – and in ensuring that Nashville is the capital of the business.

The Opry House, where performances are held, is the centrepiece of Gaylord's Opryland complex, which lies just outside Nashville.

This also includes a theme park revolving around country music and a vast hotel, particularly popular for conventions, which features enormous glass-enclosed gardens. Gaylord last year announced plans to spend $175m to add 979 rooms to the existing 1,891 and create another big glassed area, called "The Delta."

The company is also busy in downtown Nashville. It is responsible for the new dance hall entertainment complex and is also renovating the interior of the Ryman Auditorium, a tourist spot which is revered as the home of the Grand Ole Opry from 1943 to 1974.

The boom is thus having a substantial ripple effect on the wider Nashville economy, helping the construction, hotel, restaurant and transport industries.

Eastern Tennessee, for its part, benefits from the presence in the foothills of the Great Smoky Mountains of Pigeon Forge, home of Dollywood, a 90-acre theme park owned by the most famous female star of country music, Dolly Parton.

However, one part of the country music surge has slipped beyond Tennessee's borders: a thriving strip of music halls has grown up in Branson, Missouri, a small town deep in the Ozark Mountains, which features old-time country artists and other popular, middle-of-the-road entertainers.

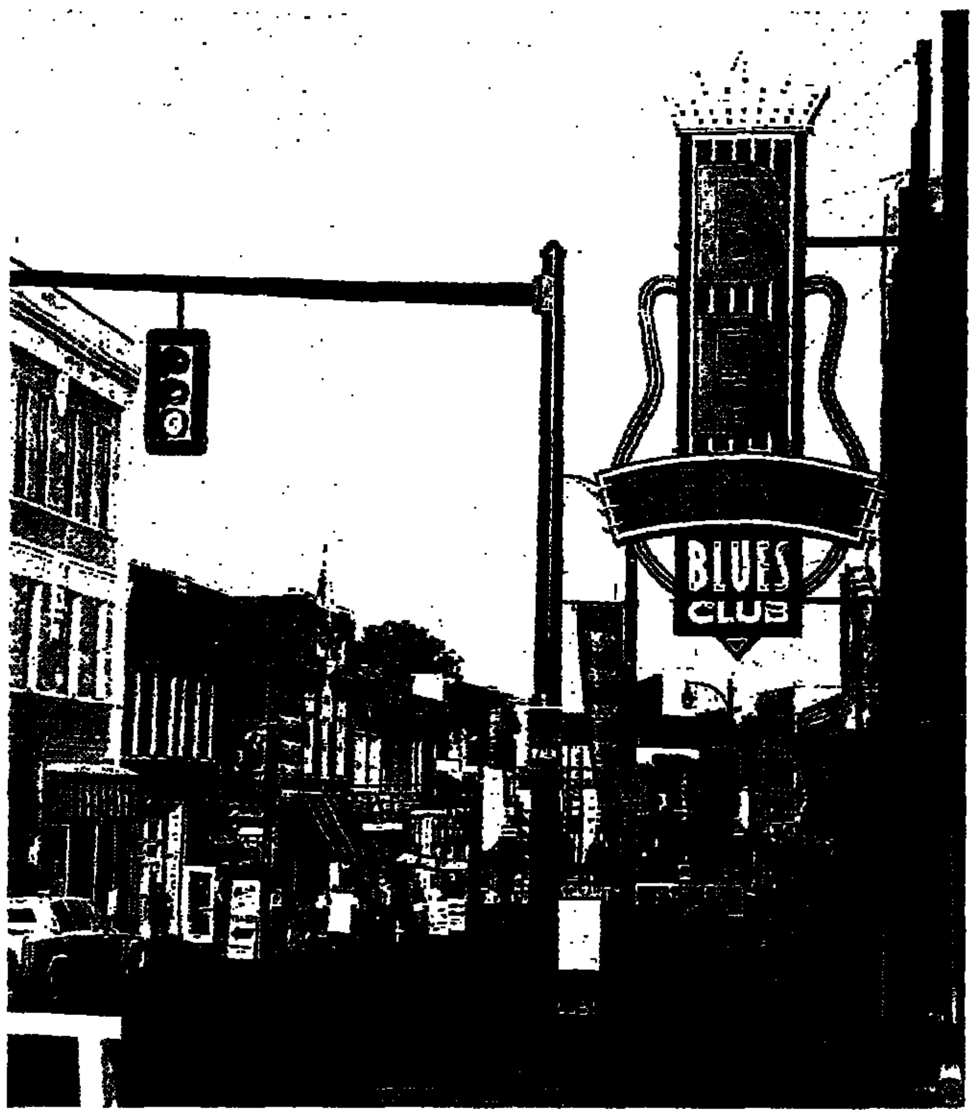
Some critics argue that the rise of Branson is a rebuke to Nashville, which should have been sufficiently entrepreneurial to see there was a gap in the market for old-style acts. The Nashville establishment, for its part, tends to dismiss Branson as being not genuinely "country."

The biggest question facing country is how long the boom can last and whether it will be followed by a bust. Industry leaders are resigned to a slowing of the growth rate, but many argue that country is unlikely to suffer a precipitous decline in US popularity.

Country might also make inroads in overseas markets – although some observers question whether Europeans will ever warm to such a sentimental, quintessentially middle-American musical format.

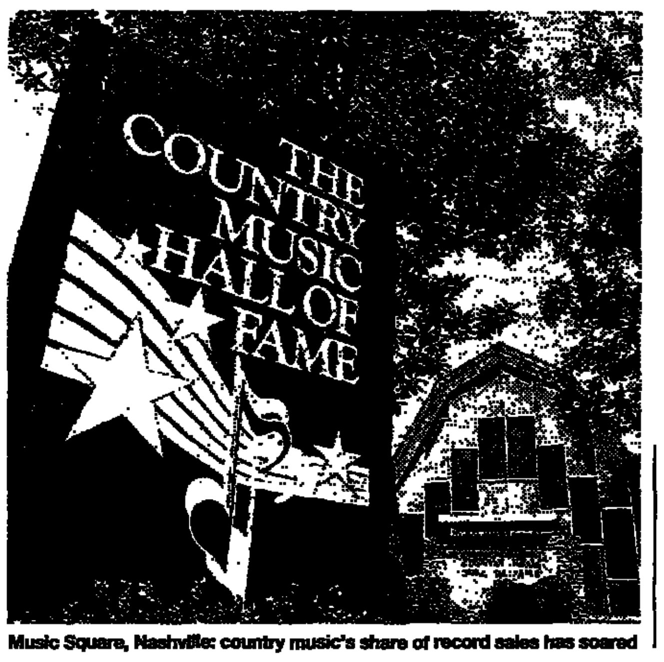
Mr David Hall, general manager of TNN, points out that at the end of each previous period of growth, industry revenues have remained higher than when the craze first began, and he expects this long-term pattern to continue.

Whereas in the past the industry was reliant on radio stations to sell its image, television is a much more powerful medium for keeping America sold on country.



Music has brought national recognition to Memphis (above), home of the blues, as well as to Nashville

Gaylord's Opryland complex lies just outside Nashville Picture: Art Directors



Music Square, Nashville: country music's share of record sales has soared

PROFILE: Oak Ridge high technology facility

Excessive brain power

How do you create a new Silicon Valley, or a Research Triangle – the area in North Carolina circumscribed by three universities and home to many high-tech companies? If there is an answer, then Tennessee would like to know it.

The nurturing of high-technology industries has become a priority in the area around Knoxville, in the foothills of the Great Smoky Mountains. The region boasts one of the highest concentrations of scientists in the country. Keeping them employed will provide a stiff challenge in the years to come.

The area's excessive brain power is centred on Oak Ridge. A Department of Energy-funded facility operated by contractor Martin Marietta Energy Systems, Oak Ridge will forever be known as the place where the first atomic bomb was developed. It has developed skills other than building nuclear weapons since then: but the ending of the cold war has hit the facility's budget hard.

Along with pressure to generate new sources of income by commercialising its technologies, this has forced Oak Ridge to try to turn itself into a centre for innovation of a different sort, a sort of godfather to new high-tech industries in and around east Tennessee.

Oak Ridge employs 16,000 people, on an annual budget from the Department of Energy of $1.6bn – but is under pressure to cut back.

To encourage innovation among its staff, Oak Ridge shares a quarter of the licensing income it receives with employees

"Employment levels will drop. Budgets will drop," says Mr Bill Martin, vice-president in charge of technology transfer at Martin Marietta. How far and how fast "depends on how much private sector money becomes involved."

In the 1980s, Oak Ridge lost several thousand jobs when its uranium enrichment plant was closed. It was older and less efficient than similar operations elsewhere in the US, and shut in the face of overcapacity in the enrichment business.

The threat now is gradual erosion of the Department of Energy budget rather than outright closure of facilities.

Oak Ridge's workers are split roughly evenly into three units. A third works in the area of national security. Oak Ridge has not built an atomic warhead for three years.

It is charged, though, with maintaining the US's supply of weapons-grade uranium, and developing the sort of advanced manufacturing techniques used in making warheads – from the latest machining and inspection technology to robotics.

Those manufacturing skills, honed in a highly specialised area, are now being applied to more mundane industries. Two years ago, Oak Ridge began a project with the state of Tennessee to offer help to small businesses. Last year, its people worked on 350 projects for private sector manufacturers.

Another third of the employees works on energy conservation and efficiency. This began more than two decades ago with work on the peaceful use of nuclear power, and extended into ways to make better and cleaner use of fossil fuels. Oak Ridge also broadened out into energy conservation, working on projects such as better insulation materials. Development work extends from "roof insulation to devices that enhance the running of refrigerators," says Bill Martin.

The final third are involved in environmental technologies. This is one part of the Oak Ridge operations which has actually grown in the 1990s.

What can these people do to help foster high-tech industries in the region – and in the process safeguard their own jobs? One aim has been to develop patentable technologies that can be licensed to companies in the private sector.

To encourage innovation among its staff, Oak Ridge shares a quarter of the licensing income it receives with employees.

Since 1984, it has signed 103 such licensing agreements. The income remains modest – a total of $2.5m in royalties so far, from commercial sales of $100m – but there are some promising developments in the pipeline. One example is a method for carrying out rapid blood tests, which has been licensed to a Californian company. Already used to analyse samples from animals, the process is awaiting approval for use on human blood, and could eventually find a market in hospitals and doctors' surgeries throughout the US.

From the wide range of technologies that has been developed at Oak Ridge, Bill Martin singles out two as having the greatest potential: instrumentation and advanced materials.

A second aim is to attract private investment to help commercialise developments begun at Oak Ridge. So far, some $200m of private capital has been committed.

The bigger question, though, remains: Can Oak Ridge foster a local high-tech industry in east Tennessee? Optimists talk about a "corridor" extending from Oak Ridge to Knoxville, home of the University of Tennessee – no doubt hoping to emulate the successful Austin-San Antonio high-tech corridor in Texas. Much work needs to be done before their dream becomes a reality.

Local chambers of commerce, industrial development boards and marketing organisations have recently begun research into whether the region has sufficient infrastructure to sustain a thriving manufacturing base – from the availability of skilled workers and adequate telephone lines to the provision of finance. The results will not emerge until this summer.

One significant challenge is to make the staff at Oak Ridge more responsive to the outside world. The nature of much of their work in the past, and their location – tucked away in a valley 30 miles from Knoxville – has encouraged an inward-looking, isolated community.

"There is a tremendous amount of resources in the area," says Mr Martin. "Has the region benefited enough from that? No."

Richard Waters

PROFILE: Federal Express

First few steps abroad prove costly, painful

Not many years from now, the fortunes of Tennessee's biggest private sector employer will be forged far away – in Europe, largely, and Asia. But if future prosperity lies abroad, the first steps have been painful ones.

Over the past three years, Federal Express has lost about $1.2bn, including restructuring charges, in its attempt to create a world-beating international package delivery and air freight service. The losses are at least getting smaller: $182m last year, on revenues of $2.1bn, after a decision at the end of 1992 to cut back operations in Europe.

This year, says Mr Alan Graf, chief financial officer, the company's international business will finally turn the corner, reaching break-even. In the long run, he adds, the bulk of the company's profits is likely to come from abroad.

What happens in the skies over far-off countries is of vital interest in west Tennessee. It is difficult to overstate the importance of Federal Express to the local economy. If there is one industry that dominates Memphis, it is distribution. And if there is one company that dominates the Memphis distribution industry, it is Federal Express.

The package delivery company's fast growth over the past two decades has created many thousands of new jobs in the area directly – it now employs 20,000 people – and helped encourage many others to locate their businesses in or around the city. A distributor based in Memphis can drop its goods off at the Federal Express hub late in the evening and have them delivered anywhere in the country by the next morning.

There were two factors that made Federal Express's initial foray into international markets a disaster. One was its purchase of Flying Tigers, an airfreight company, just as a slowdown in the worldwide economy hit the airfreight business hard. "We knew that the business would be subject to cyclicality. It was a risk we took with our eyes open, and it cost us some money," says Mr Graf.

The second – and more costly – mistake was a misconceived attempt to recreate in Europe the company's success in its home market. To that end, Federal Express went about building an extensive network inside Europe – but then failed to win enough volume to justify the costs.

"We had a belief that we could develop the same synergies and economies of scale that we had in the US. [But] the size of the market is much smaller in Europe," says Mr Graf. Federal Express's meteoric rise in the US, from its founding in 1972, owes much to the development of just-in-time manufacturing techniques and new methods of inventory control: customers found it cheaper to send or received small items from around the country by express mail, rather than to keep them in stock.

The company bet on the same process sweeping Europe, and was proved wrong.

Also, Federal Express failed to break the strong hold on the European package delivery business of a number of powerful rivals. "One of the things we had hoped for is that people would make a single-carrier choice," using the same carrier to ship a package inside Europe that they used to deliver items to the US, says Mr Michael Glenn, senior vice-president in charge of marketing and communications. That didn't happen.

The company has now scrapped the attempt to become a regional carrier in Europe, contenting itself instead with operating a transatlantic service.

The break-through into profitability in the international businesses, when it comes, will signal an important milestone in the company's history. Founded in 1972, Federal Express has a dominant share of the overnight parcel market in the US. Yet that business is getting steadily less profitable.

Many customers are turning away from the most expensive, and therefore profitable, overnight priority service

For a start, much of the company's business is with big customers who are able to negotiate large discounts. "We have no control over pricing in the US," says Mr Graf.

A second problem is that many customers are turning away from the most expensive, and therefore profitable, overnight priority service towards less costly services.

The decline in margins is evident from the figures. The volume of packages carried in the US leapt from 312m in 1991 to 406m in 1993 – yet over that period, the proportion of priority overnight packages dropped from six out of every 10 pieces carried to five out of every 10. Largely as a result, the company's revenues in the US grew at a slower rate, from $5.1bn in 1991 to $5.7bn last year. Its operating income slid from $671m to $559m.

For all that, the express package delivery business remains a strong growth business in the US. "It's difficult to find another business growing at the same rate," says Mr Graf.

The key for Federal Express is to bring down its costs for each package shipped in line with its revenue-per-package – something it failed to do last year. New technology is the answer. It will also have to avoid the sort of costly mistakes it has made in the past.

According to Mr Glenn: "E-mail could have an impact – how much; we don't know."

However, Federal Express claims to have already been through the worst, reducing the pressure on it to respond. "You can't fax hard goods," says Mr Glenn. "The amount of goods that is still document-related and could be transmitted another way is very small. We believe we have suffered substantially all of the dilution already."

Richard Waters

Snapshots of some of Tennessee's tourist attractions, by **Richard Waters**

From Graceland to the Smoky Mountains

It is smaller than you expect: a 1930s copy of an old Southern mansion, sitting behind iron gates on the outskirts of Memphis. A suburban home for a successful doctor, perhaps – which is what it was for many years.

But Graceland looms large in the Elvis Presley myth. To the 22-year-old country boy, it must have seemed the pinnacle of success. He paid $100,000 for it in 1957 and proceeded to do with it what you would expect of a 22-year old with sudden wealth: build three television sets into a wall in the basement and buy a pool table.

Anyone lured here by the tales of garishnesss – mirrors on the ceilings, carpets on the walls – will be disappointed. These are familiar remnants of 1970s interior decor to anyone who lived through the era. Fans of kitsch will get more fun across the road at the Elvis Presley car museum, with its famous convertible pink Cadillac, or the Elvis Presley aircraft, named after daughter Lisa Marie – or, better yet, just stop at the Elvis Presley souvenir shops.

Elvis Presley statue in Beale Street, Memphis *Picture: USTTA*

Graceland is an exercise in hagiography. But, strangely, there is no music. Hushed tour parties are ushered around in a reverential silence. There is also little at Graceland to remind visitors that the greatest career in rock and roll history disintegrated into farce. There is just one sign, placed in the glass cases alongside the 1970s sequinned jump suits: "The image is one thing, and the human being is another: it is very hard to live up to an image."

Nashville may like to call itself Music City USA, but Memphis can lay claim to a musical history just as rich. It is the home of the blues, a musical strain that grew up in the Mississippi delta in the 1930s and now one of the city's biggest leisure industries.

Downtown Memphis, like many other US downtowns, has been subjected to a succession of building sprees since the 1960s. Some relics remain – the great pile of the Peabody Hotel, for example – but it takes great imagination to conjure up the former cotton capital of the Mississippi. Paddle steamers still navigate the broad sweep of the river, Memphis' most distinctive feature. But the city is probably better known these days through the books – and the films of books – of thriller writer John Grisham, author of *The Firm*: a modern Southern city, with a giant glass pyramid sitting surreally on the river banks.

The heart of the Memphis blues history nearly succumbed to the familiar urban devastation of the 1960s. But Beale Street, the place where the musical style was born, was given a last-minute reprieve from the developers. Today, it is a low-rise isolated strip of bars, clubs and souvenir shops which stands in stark contrast to the development that has gone on all around. The blues and rock and roll from open doorways fight it out on the street as bars compete for passers-by. This part of Memphis's musical history is very much alive.

Old-style charm

The evening sunshine is slanting across the rolling hills of south-eastern Tennessee. Hidden in the woods on the tops of these hills are more than a score of large tin sheds, each one housing a mountain of oak casks of whiskey. Yet you can't legally buy a drink here in Moore County.

The Jack Daniels distillery is Lynchburg's biggest – indeed, its only – attraction. Its "sour-mash" whiskey – don't make the mistake of calling it bourbon, it doesn't go down well – was first made here more than a hundred years ago.

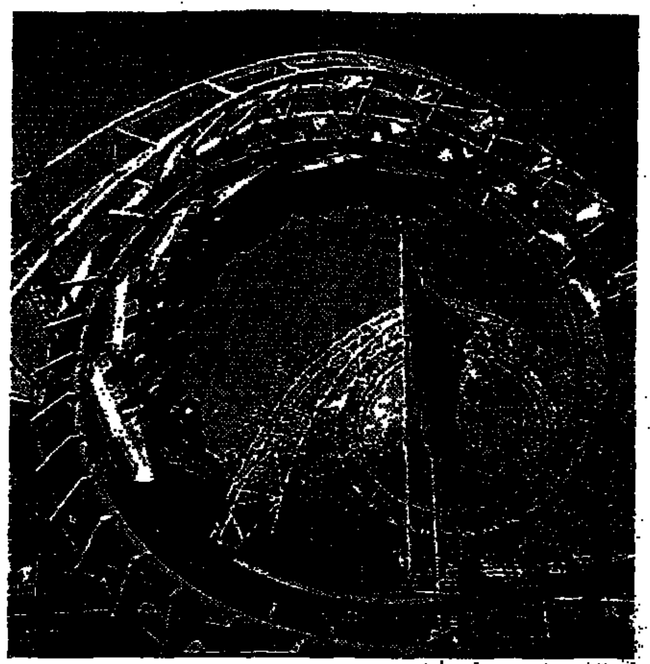
Not much has changed at the distillery, which prides itself on its old-style Southern charm.

The history of Jack Daniels reads like a battle against the non-drinking lobby. First, the distillery's Lynchburg saloon was closed, and in 1909 Tennessee got its first "dry" law, before the rest of the US. The distillery was packed up and moved to St Louis. The prohibition era did not shut down the operation completely, but its output was kept in a bonded warehouse, and made available only for "medicinal" purposes. It was a good time to be friends with a doctor.

There have always been ways of getting a drink of whiskey in the South. The distillery's St Louis neighbours found a way in 1923: they fed a pipe through into the adjoining warehouse and sucked out 42,800 gallons of the stuff – replacing it with water, lest anyone should notice the barrels were running empty.

Roger Brashears' porch is one place in Lynchburg where you can get a proper drink. The head of marketing and publicity for the distillery, he lives within a hundred yards of the site. Yet he drives to and from it in his battered Ford pick-up truck. That's how you can tell a Southern boy, he says – only ever walks if it's to get in his pick-up.

Brashears is the embodiment of the Southern charm that Jack Daniels exerts over its visitors: old-fashioned, laconic, warm. With his braces, his chain smoking, his steady drawl, perhaps Brashears – and, indeed, the distillery as a whole – is just a clever artifice constructed for tourists. But after a glass of his "sippin' whiskey", you're convinced he's the genuine article.



Opryland, Nashville: the Wabash Cannonball *Picture: USTTA*

It doesn't cost anything to go on the tour of the distillery. Says Brashears: "We don't charge. But after you've been through here, you'll be paying for the rest of your life."

Bus-loads of sightseers

The desk clerk at the Opryland hotel advises you to drive round to another entrance to get to your room. He takes out a map and writes instructions on it, but you still manage to get lost.

The complex to the north of the city has become one of Nashville's most-visited tourist attractions. At night, bus-loads of sightseers are brought out from town to gawp at the hotel's fountains which, improbably, dance to taped music. Walking back through the dense tropical undergrowth of one of the hotel's giant glasshouses, you get stuck behind columns of ageing sightseers. They are peering up into the trees trying to work out if the bird songs they can hear are from real birds, or just more recordings. The local youth population seems to have discovered that the artificial sub-tropical glades are a good place to hang out.

The hotel – and Gaylord, the company that owns it – is riding high on the success of country music. In the centre of Nashville, two new shrines to music are nearing completion. The Ryman, a tabernacle pressed into service as a country music hall in the middle years of the century, is finally being fitted out properly for the purpose. The wooden floors and pews, and the stained glass windows, remain: but this time it will have air conditioning.

Nearby, Gaylord is also putting the finishing touches to the Wildhorse Cafe – a restaurant with a wide stage and wooden dance floor. This will provide more performance fodder for the cable television networks which the company also runs. If Country proves more than a passing fad, the Wildhorse could become the Hard Rock of the 1990s: it is a format that Dick Evans, Gaylord's chief operating officer, hopes to spin out both around the US and internationally.

A powerful memory

The resentment is still palpable in the foothills of the Great Smoky Mountains in east Tennessee.

This has become the most-visited state park in the US.

But the displacement caused by its creation is still a powerful memory in the communities that huddle outside the park gates.

Cades Cove – an enclosed valley deep in the park – supported a large community in the 1930s. Then, buying up land piecemeal, the state gradually emptied its wide pastures. Recent structures were knocked down. All that remains now are the log cabins and white-plank churches of the pioneers who first settled here, scattered among the woods.

The water-driven mill is being operated by an old man. He is a descendant of the man who built this mill, and was taught how to run it when still a boy.

Now, in retirement, he is running it for tourists.

He won't offer a view about the fate that has befallen the valley. But the woman at the door is more forthcoming. She went to school here in the 1930s – until the school was torn down and she, like everyone else, was forced out.

She is still bitter – although it is better that the land has been turned over to public use, rather than falling into private hands, she adds.

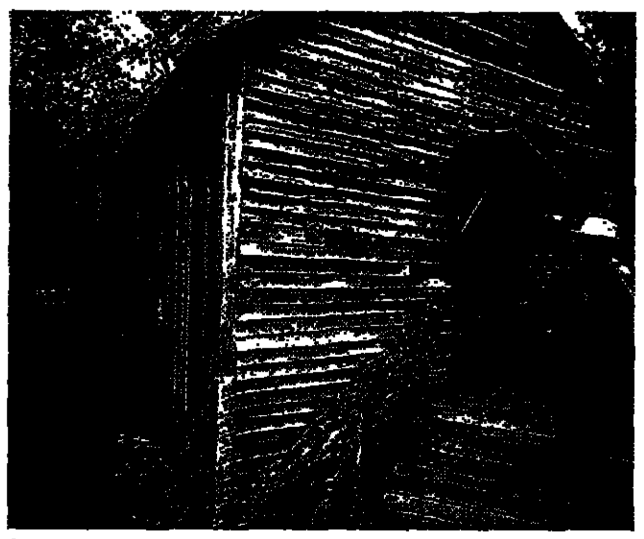
Sarah Ball's father is also a refugee from the park. He sold more than 100 acres and used the money to buy land in the foothills outside the park gates, at Sevierville. An upright old man, he stops to tell you about it as you sit on the porch of the Blue Mountain Mist Country Inn. Sarah and her husband, Norman, have built the inn on part of that land. You can sit on its porch and muse at the hills while bullfrogs complain in the pond below.

At the top of the mountains, on the border with North Carolina, a tower rises above the tree-tops.

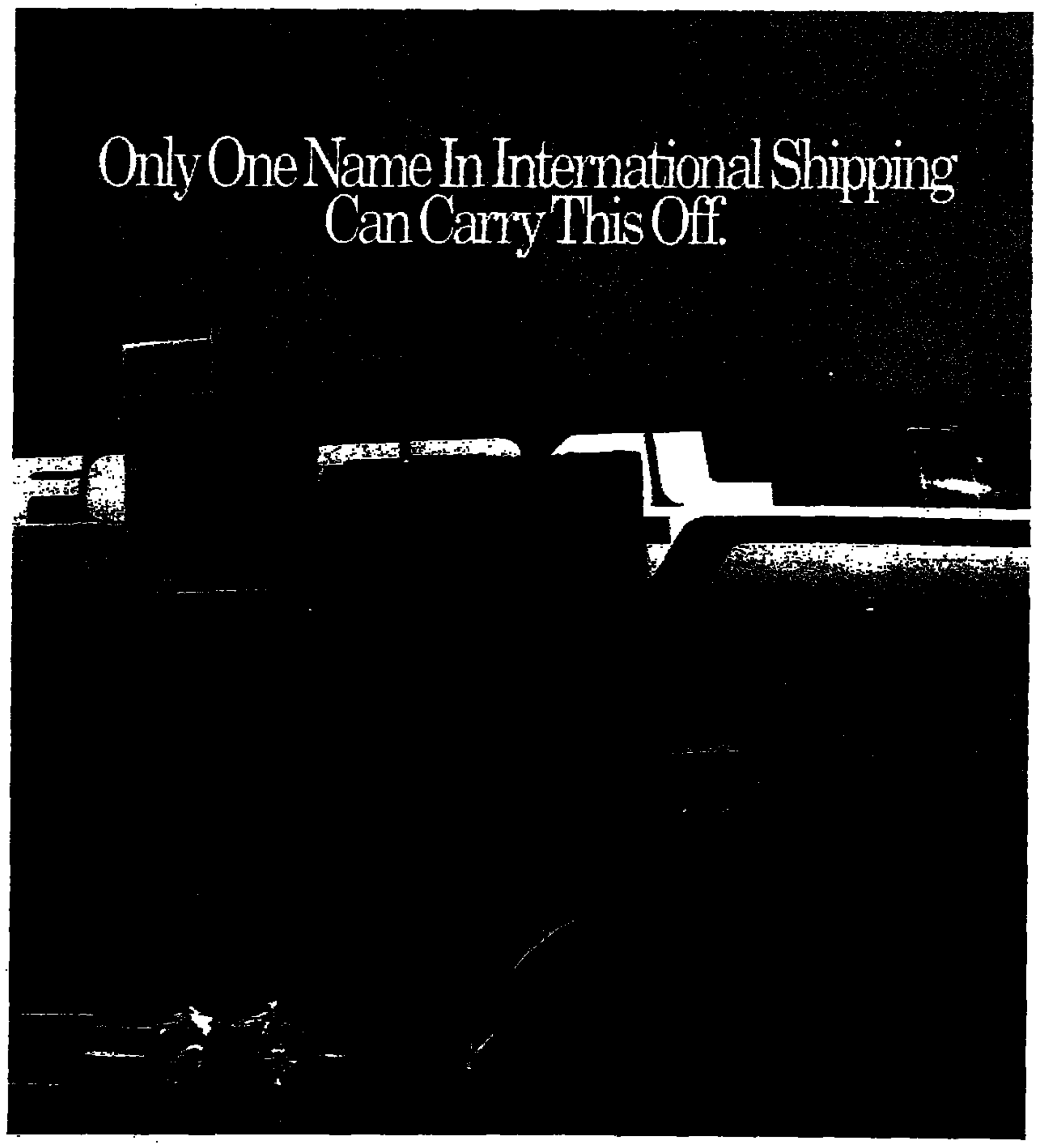
From here, you can gaze back on Tennessee – the steep slopes below giving way to the green wrinkles of hills and, far away, scattered towns.

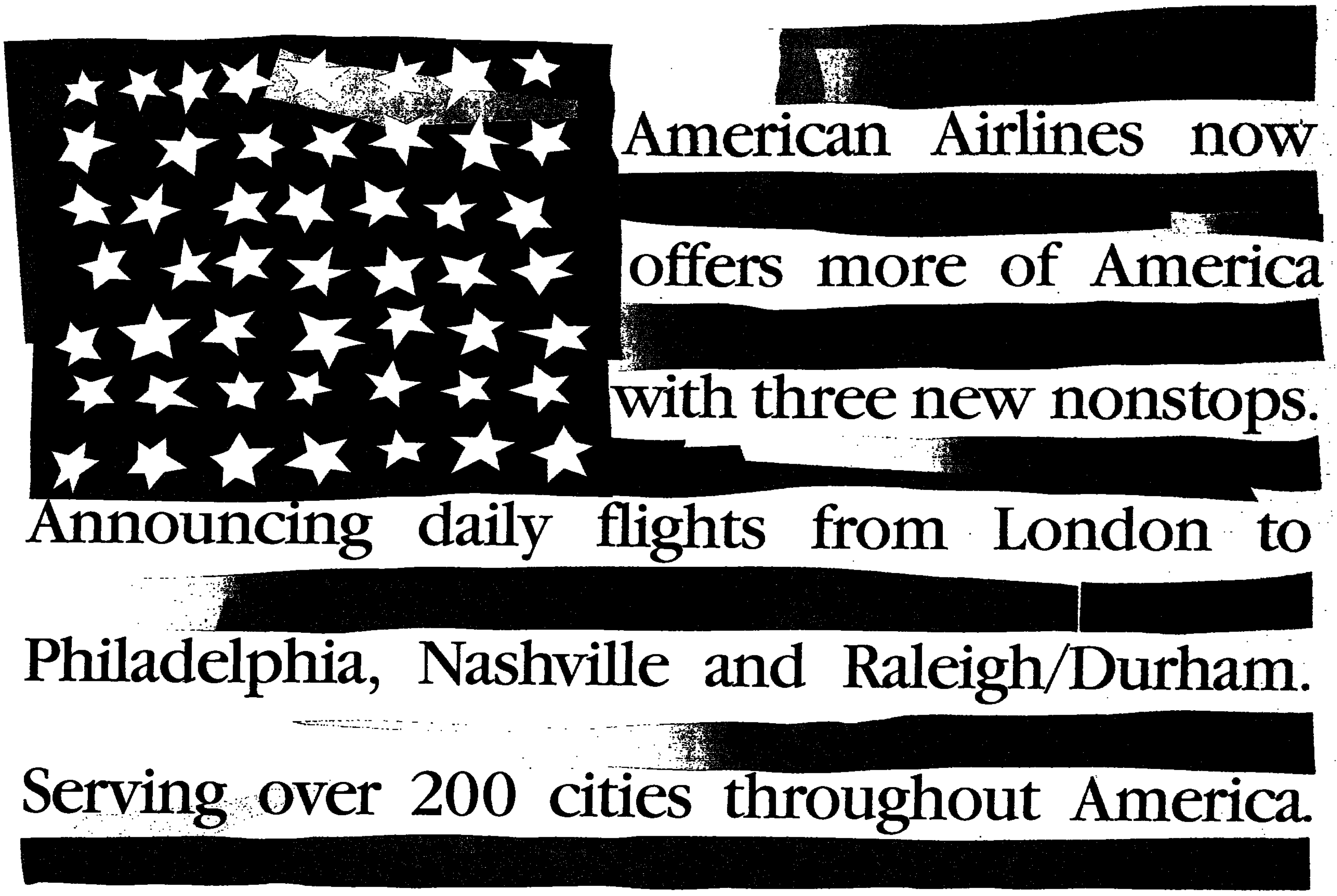
If it was only a little clearer, you feel, you could see clean across the state to the Mississippi.

Dogwoods in the Smoky Mountains park *Picture: L. Fordyce/Eye Ubiquitous*



All that remains now are the log cabins and churches of the pioneers





Management of offshore funds has grown at a great pace: **Page III**

FINANCIAL TIMES SURVEY

IRELAND

More than I£3.5bn will be spent on transport and tourism: **Page IV**

Wednesday May 25 1994

Goal is to be on the fast track to EMU

As recession lifts, Ireland is in a good position to take advantage of the upswing. **Tim Coone** reports

When the Channel Tunnel linking Britain and France was officially inaugurated earlier this month, most Irish newspapers were quick to note that Ireland was now the only EU nation without a land-link to the rest of the member states.

They lamented the fact that the tunnel would reinforce Ireland's isolation and warned that Irish goods would find it more difficult to compete with British ones in Europe's populous heartland. What good are Irish Oscars, Booker Prizes and successes in the Eurovision song contest if they do not produce jobs, they asked?

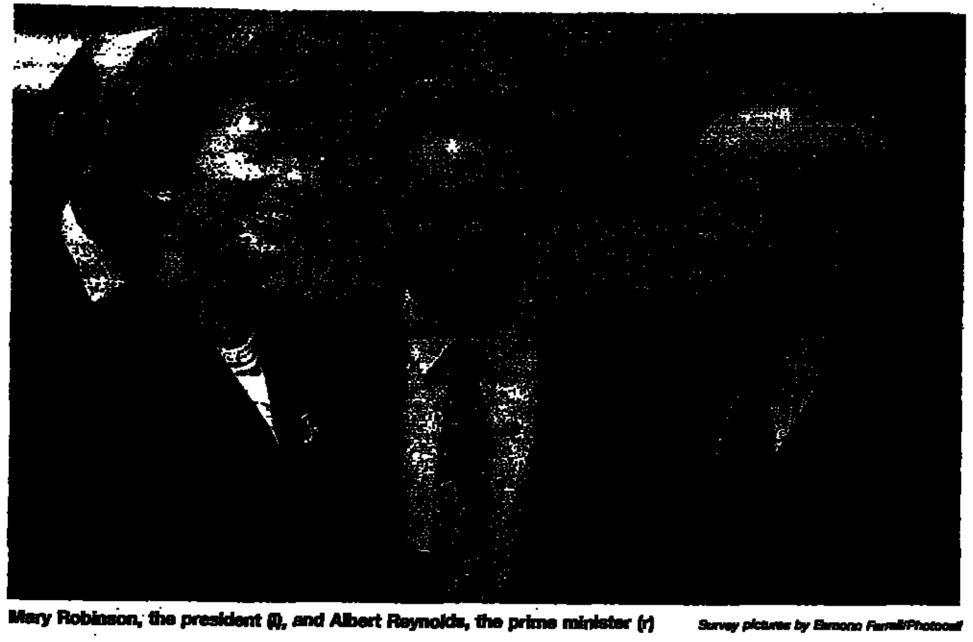
Although Ireland has had some outstanding successes in stealing the European limelight in music, literature and film over the past year, the frustration of not being closer to the economic and political pulse of Europe is strongly felt.

As the European parliamentary elections approach, there are no powerful Euro-sceptic lobbies or irate backbenchers berating the government for wanting to be in the fast track to European monetary union (EMU). That goal is a cross-party objective.

But Irish fears of economic isolation are perhaps overstated.

As the clouds of recession show signs of breaking up, the country appears to be better positioned than many of its EU partners to take advantage of the upswing. The Fianna Fail-Labour coalition, now in its second year, has maintained the central thrust of the economic policy pursued by two previous governments since 1987 – reduction in the debt/GNP ratio and securing price stability. A measure of that policy's success is that inflation in 1993 fell to 1.5 per cent, one of the lowest in the EU.

The crisis in the European exchange rate mechanism towards the end of 1992, putting pressure on several European currencies including the British pound, forced the incoming coalition government to accept a 10 per cent devaluation of the punt within weeks of taking office. Despite the turbulence at the time, this has had a salutary effect. Interest rates are now at record lows and heading lower; foreign currency reserves are higher than before the crisis; exports look likely to hit record new levels and consumer demand is showing strong signs of recovery. The fiscal deficit is well under control – Mr Bertie Ahern, the finance minister, felt confident enough to give away I£333m in tax reliefs to the lower-paid in last January's budget, equivalent to 1.1 per cent of GNP.

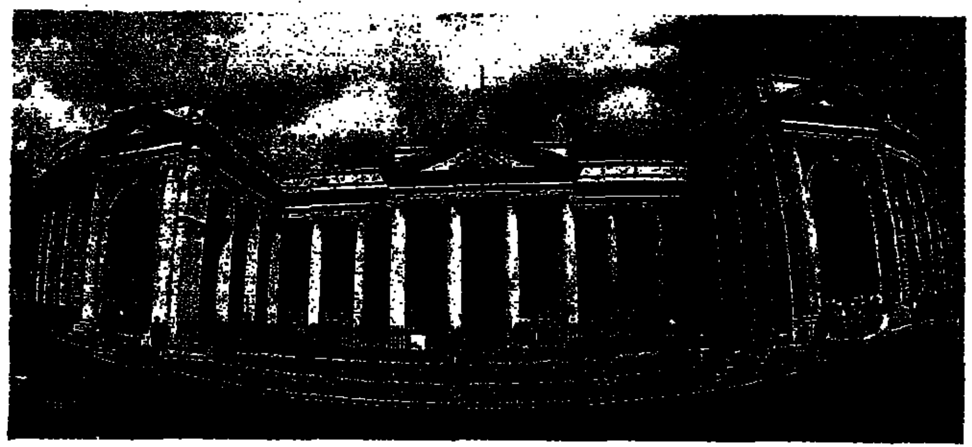


Mary Robinson, the president (l), and Albert Reynolds, the prime minister (r)

Survey pictures by Eamonn Farrell/Photocall

Indeed, the budget's underlying assumption of a 3.8 per cent growth rate in GNP this year is now looking conservative. The latest spate of economic forecasts from independent analysts put the figure closer to 5 per cent, a level which is expected to be sustained up to the end of the century. On that basis, the current budget deficit will be eliminated by 1996, and the EMU target of reducing the debt/GDP ratio to 60 per cent appears attainable by the end of the decade. Provided that inflation is not stoked up again, Ireland has thus positioned itself well to take the fast track to Europe.

Yet there remains a fundamental problem at the heart of economic policy-making, as Mr Han de Jong, chief economist at Goodbody, Dublin stockbrokers, points out: "In conducting exchange rate policy, the authorities are using a basket of currencies with sterling and the DM as heavyweights. The foreign exchange market, on the other hand, has effectively relinked the punt to sterling . . . the perceived poor quality of economic policy-making in the UK is the core of the problem for the Irish authorities and constitutes the paradox of Irish policy intentions," he said.



The Bank of Ireland stands grandly on the curve of College Green, facing Trinity College, in central Dublin

While the Irish authorities want Ireland to be among the first to participate in monetary union, they are being held hostage to the political fortunes of a UK Conservative party in disarray over Europe. According to Mr de Jong: "UK politics is a constant potential threat to (economic) stability."

In other economic policy-making areas – notably the deregulation of state enterprises – Irish freedom of action is subject to internal rather than external constraints, but still the process has had successes. Aer Lingus, the state-run airline, has managed to emerge from a big restructuring, aimed at returning it to profitability, without a crippling labour dispute. Unions at An Post, the state postal service, have accepted radical changes to work practices. Both companies are searching for overseas partners.

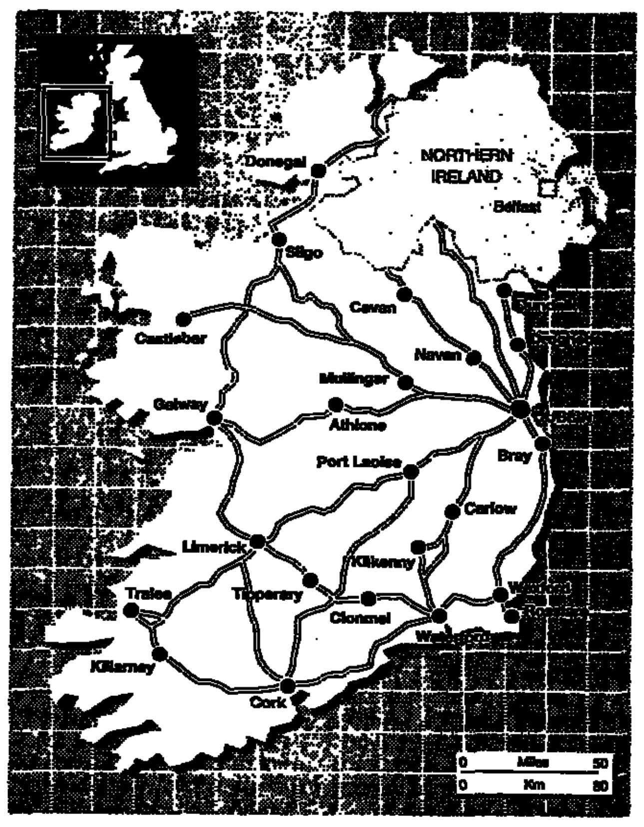
The rail unions are proving more reluctant to accept change at Iarnrod Eireann (Irish Rail), the heaviest government loss-maker, but as practically all of Europe's railways are heavily subsidised, most of the attention will now focus on Telecom Eireann, the state telecommunications company, and on whether a proposed link-up with British telecommunications group, Cable & Wireless, will get the go-ahead from the government. Telecom unions have indicated that they will support a joint venture with a foreign partner – but are opposed to one with Cable & Wireless.

The importance of telecommunications to the economy cannot be over-estimated. Over the past 10 years Ireland's telecommunications services have improved dramatically. The recent entry of competitors into the international segment of the market is rapidly bringing down the cost of calls, adding to the continuing tax attractions of setting up business in Ireland, not least in the financial service industries.

More than 150 offshore funds totalling some $9bn are now managed out of the International Financial Services Centre (IFSC) in Dublin, a sector which has grown rapidly in the past two years. A growing number of funds is also being listed on the Dublin stock exchange, which itself is attracting an increasing amount of overseas attention.

Inward industrial investment is also continuing to notch up successes. Several new projects – in the health care sector, in telemarketing and in electronics, among others – have been announced since the beginning of the year. (Generous grants and a low tax regime have helped to attract these, despite intense competition from, for example, Scotland and Wales.)

Ireland's profile – and its hopes of attracting further investment in both manufacturing and services – will be raised further next month when its team travels to the US to play in the finals of football's world cup in Orlando and New York, accompanied by tens of thousands of supporters.



A flood of Italian tourists to Ireland followed Ireland's participation in the 1990 World Cup in Italy. A similar effect is hoped for in the US, traditionally Ireland's main overseas tourist market. An increase in numbers from the US will be especially welcome in the west of Ireland, which is having to come to terms with the reform of the EU's common agricultural policy. This is forcing change in the traditional dairy and beef farming sectors in favour of new industries such as tourism and forestry.

Planting of new woodlands and forests has accelerated in the past five years, encouraged by generous grants and incentives which are scheduled to be increased again soon. A forest products industry is already undergoing expansion. This is expected to be as important to the economy, in 20 years, as the food industry is now.

So Ireland's position at the edge of Europe is not the disadvantage it is frequently made out to be. Its comparative advantages have been recognised and economic and political stability is fostering a positive climate for inward investment by companies positioning themselves for growth in the European market.

Much more would be possible, too, given a satisfactory resolution of the island of Ireland's most intractable problem - Northern Ireland, an issue which has absorbed large amounts of ministerial time over the past year.

While prospects for peace in the province have come tantalisingly closer than at any time in the past 25 years, as a result of talks with the UK government leading up to the Downing Street Declaration, the government has had to accept that its suggestion last year that "peace by Christmas" was possible was wide of the mark.

It may be some way down the road yet. Nevertheless, even on this issue, there are signs of the same movement, which, in other areas, is leading to hopes of a more prosperous and stable future for Ireland in the twenty-first century.

Angela Long examines the economy and employment prospects

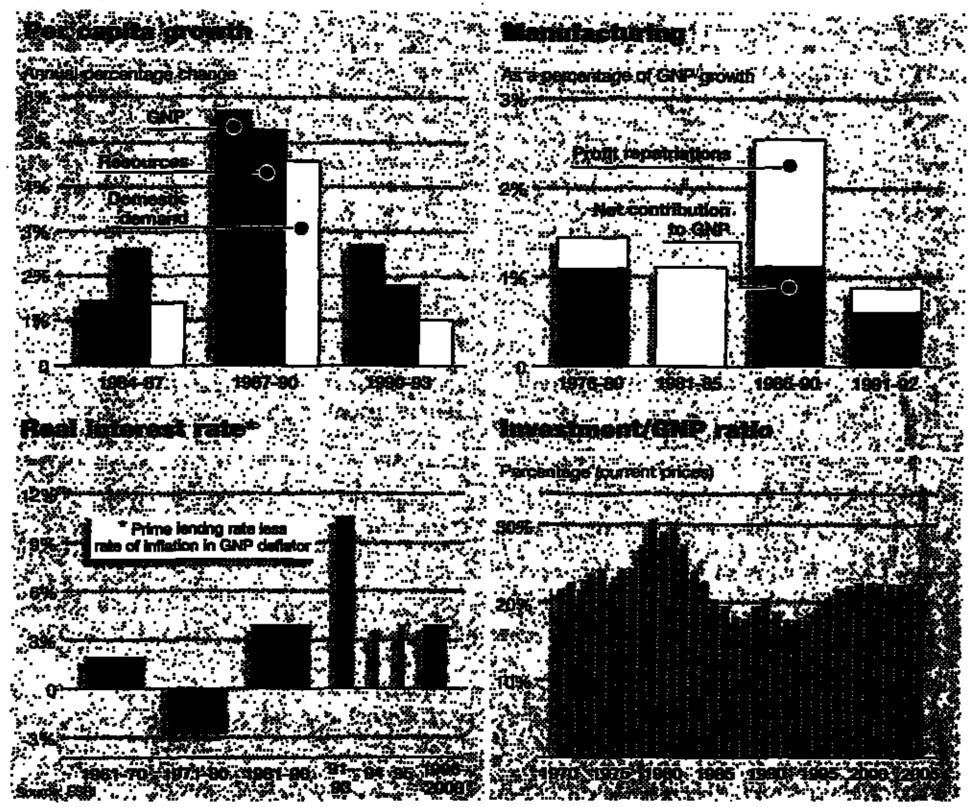
The boat has stayed afloat

Whither the economy of Ireland? Or should that be "wither"?

The Republic has advantages in its highly educated, youthful workforce, its (often perplexingly) healthy economic indicators and its enthusiasm to attract investment from foreign companies. But nothing can deny its geography, and after the Channel Tunnel starts operating at last, Ireland will indeed be the only European Union country without a direct link to the European land mass.

Well may Mr Albert Reynolds, the Taoiseach, claim that while geographically peripheral, Ireland was "at the heart of Europe" – as he declared to a meeting of the Irish Management Institute last month. Dependence on Europe, primarily the UK, is a fact of life for the Irish economy.

A population of 3m is not enough to sustain a country in isolation, and so Ireland has to look outwards, which perhaps accounts for the much more continental feel that Dublin has, for example, than any English city. Often, because of blood links, the overseas link is with the US.



This year has seen growing optimism for the Irish economy. Predictions of growth have risen from near 3 per cent at the end of 1993 to between 4 per cent and 5 per cent. Inflation, at about 2 per cent, is one of the lowest in the EU, comparable only with France. The punt is healthy, and a leading stockbroker, Davy, recently predicted that it could reach parity with sterling by the end of the year.

Exchequer returns, a key indication of how the administration's bookkeeping is faring, were good, showing a 25 per cent increase in total tax revenue for the first quarter of 1994. And although Ireland may still be one of the poorer members of the EU, its relative prosperity is improving: average income has risen from 60 per cent of the EU average in 1986 to 74 per cent today.

The Reynolds government, with Mr Bertie Ahern a popular and competent finance minister, has kept its head and ridden out the currency storm. Interest rates are fairly stable. The government is entering its second Programme for Economic and Social Partnership (PESP), which features a tripartite agreement between itself, the unions and employers, which should help to restrain wage levels. Public sector pay, however, may prove harder to control than Mr Reynolds and Mr Ahern have hoped, with civil servants using provisions for increased pay as a result of work restructuring.

Another awkward acronym to ride with PESP, the PCW, stands for the Programme for Competitiveness and Work. The name may be clumsy, but these are the important issues Ireland will have to address.

At present, the PCW has yet to be ratified finally by the unions. The "Work" side of any plan will be the real test for the government, because it is not yet clear whether unemployment – which has been levelling off in recent months – can be controlled. Certainly enough has been said about tackling it, but the heart of the problem remains intractable.

The influential Economic and Social Research Institute (ESRI) published an upbeat mid-term outlook in April which gave rise to a headline in the Irish Times: "The rising international tide could lift the Irish boat". The ESRI, working with computer models, predicted an improving economy "in the mid-term" – that is, into the next century.

Consumer spending, for example, should rise by 3.5 per cent this year, and by up to 6.4 per cent in 1995. There has been some sign that the battered consumer, devastated by the rise in interest rates that preceded the 10 per cent devaluation of the punt in January 1993, has returned to the high street. Retail sales have been showing a slight improvement, and there was a big leap in new car sales in the first quarter, with a 46 per cent increase on the same period in 1993. However, this is partly due to a reduction in Vehicle Registration Tax announced in the Budget.

But the ESRI report (by Sara Cantillon, John Curtis, and John FitzGerald, son of Garret FitzGerald, the former Taoiseach) warned that without a "major policy change" long-term employment would remain a grave problem.

A mixed blessing for the country came last November: the Republic's football team qualified for the World Cup by defeating Northern Ireland. People who might otherwise have bought a new car or even a house will now be spending any surplus – or borrowed – cash on a trip to the US, or on a new wider-screen television for the month of matches.

The ESRI justifies its optimism, in part, by the way in which the Irish "boat" has managed to stay afloat during recent stormy times, complimenting its "robust performance in the face of international recession over the past couple of years".

Despite bad conditions last year, the economy managed about 2 per cent growth. Exports rose by about 8.75 per cent compared with growth in world trade of only 2.6 per cent. But ESRI sensibly qualifies its cheery view: "The one uncertainty about the future is that the actual outturn will be more eventful than the smooth path we have plotted."

The effect of demographics will be watched with interest. Ireland's high birth rate has meant a crushing ratio of wage-earners to dependants; the highest in Europe. For every 10 people at work, there are between 20 and 30 dependants compared with three in, say, Denmark.

"The rate of increase in employment necessary to provide jobs for the young people entering the labour market in Ireland is 15 times greater than in the rest of Europe," wrote Garret FitzGerald recently.

Continued on Page II

The Fianna Fail-Labour coalition is approaching the June Euro-elections in a confident mood

A few wobbles have not upset the tandem

When the Fianna Fail-Labour coalition was formed in January 1993, after the last general election, some political pundits were predicting that it would not survive two years.

The 1982-87 Fine Gael-Labour coalition broke down after four years, in disagreement over economic policy and over Labour's eclipse by its larger, and conservative partner, Fine Gael.

The last coalition, formed in 1989 by Fianna Fail and the Progressive Democrats, collapsed in 1992, culminating in the spectacle of the two party leaders accusing each other of being liars from the witness box of a public inquiry into the Irish beef industry (the report of which is finally expected to see the light of day in June this year).

Some early ministerial turf battles aside, the latest coalition partners have displayed a surprising degree of cohesion though, and are now approaching the June Euro-elections in confident mood. They are even contemplating an unprecedented voting pact to make sure that their candidates get an easy ride to Strasbourg.

The few wobbles that have occurred in public, usually when the word privatisation has been mentioned, have not yet been sufficient to throw the tandem out of control.

The latest batch of economic forecasts are confidently predicting strong growth, low inflation, and rising employment levels up to the end of the decade. Even the sun has been putting in a strong appearance over the past month after one of the dreariest and wettest winters on record.

A spokesman for Mr Albert Reynolds, the prime minister, said: "There is a strong feel-good factor and the government is riding high.

"The coalition is performing well, and if anything should go wrong, we will simply batten down the hatches and ride it out."

Mr Dick Spring, the deputy prime minister and Labour party leader is in an equally optimistic mood. "We are well on course. Unemployment is edging down and other problem areas such as health, education and housing are effectively off the political agenda because of the progress that has been made on all these fronts," he said.

Public housing starts are well up, 17,000 people have been taken off hospital waiting lists, and additional resources are being pumped into education.

If progress has not been as rapid on the jobs front as Labour would have hoped "we have at least established our credibility with the markets in the past two budgets", said Mr Spring.

With so much good news about, the opposition – flap its arms as it may – has been unable to unnerve the complacent coalition beast. Fine Gael, the main opposition party, has still to recover from its miserable performance in the 1992 elections.

Mr John Bruton, the party leader, with one eye constantly over his shoulder, wondering where the next challenge to his leadership might come from, has been unable to do more than snipe at occasional government blunders.

Ireland's parliament is Dáil Eireann, which has 166 elected members. A 60-member senate is partly nominated

Red faces there have been on government benches – when a promised pot of EU structural funds turned out to be only three-quarters full, when a middle-class outcry over a residential property tax sent the finance minister scurrying back to his calculator and when a whiff of sexual scandal entered the Dail (parliament) after a Labour minister was publicly reprimanded by Mr Spring for his "poor judgement" in having chatted to a homosexual in his parked car in Dublin's Phoenix Park.

But none of these issues have set coalition knees trembling. Issues that might, especially in Fianna Fail ranks, such as sorting out the now-ambiguous legal situation on abortion, and property rights in the event of divorce being introduced, are being quietly pushed on to the back burner.

A bill to legalise homosexuality was passed last year, however, with barely a ripple of controversy.

Causing more worries for government programme managers is Ms Mary Harney, the new leader of the Progressive Democrats (PD – the smaller of the two conservative opposition parties) and someone who has proved herself to be a tough and competent performer in the Dail. She is busily creating a higher profile for the party, and carefully targeting the right-wing vote which Fine Gael has traditionally monopolised.

Sweeping tax reform, privatisation and a get-tough approach with Northern Ireland's paramilitaries are the PDs proposals for solving Ireland's problems. It is not so different from Mr Bruton's message, but somehow sounds more convincing coming from Ms Harney.

According to Mr Spring, the two crucial political issues that are now facing the country are unemployment and the continuing crisis in Northern Ireland. The latter has dominated the political agenda of both Mr Reynolds and Mr Spring (who is also foreign minister) for most of the past eight months, although of the two, Mr Reynolds has grabbed most of the limelight.

His joint declaration which was signed last December with Mr John Major, the British prime minister, succeeded in creating an entirely new framework for the settling of the Northern Ireland conflict, and simultaneously gave Mr Reynolds an entirely new framework for projecting his hitherto lacklustre image.

His handling of the Anglo-Irish negotiations, during which he demonstrated that he could be a tenacious negotiator in handling Ireland's interests abroad, at the same time as being prepared to make honourable compromises and take imaginative and risky initiatives, has greatly boosted his reputation both at home and abroad.

But there has been genuine disappointment, bordering on a sense of deception, that Sinn Fein, the political wing of the IRA, has so far failed to grasp the olive branch held out to it.

There is also growing frustration with the mathematics of UK parliamentary politics – the devastation of the Tories in the British local elections earlier this month, has raised fears in Dublin that Mr Major will now be even more beholden to the Ulster Unionists than ever to retain his slim Commons majority in the face of backbench revolts.

Government priorities are therefore set to shift to the other key issue identified by Mr Spring – unemployment.

Unfortunately, the job of making any significant inroads into the dole queues against a backdrop of rising unemployment within the EU is likely to prove as frustrating as the Northern Ireland peace process.

Those same sunny economic forecasts also predict that long-term unemployment is likely to remain stubbornly high at 18 per cent until the year 2000.

The coalition has at least three years to run before the next general election is due, and Mr Spring is confident that it can hold together. He of course stands to lose most if it fails.

Labour's vote doubled to a record 21 per cent in 1992 as unemployment figures also reached record highs. Failure to deliver on jobs could see that vote halve again as easily as it doubled – and the "new era" Mr Spring promised for Irish politics 18 months ago may in retrospect appear to have been a mere flash in the pan.

Tim Coone

Michael D. Higgins, minister for arts, culture and the Irish language, believes in offering a wide range of cultural choices, says **Tim Coone**

Polymath of many colours

Poet, political scientist, sociologist and socialist, university lecturer and now minister for arts, culture and the Irish language, Mr Michael D. Higgins is one of the more colourful figures to have entered the upper echelons of Ireland's political establishment in recent years.

He is a liberal thinker, author of two well-received books of poetry and renowned for his erudite and impassioned Dail speeches. Mr Higgins has given a surge of confidence to Ireland's arts community since his appointment to the cabinet in January 1993, his first ministerial post.

With an annual budget of more than I£50m, he has increased government funding for the Irish Arts Council by 25 per cent and secured pre-production tax breaks and I£16m in funding for the film industry over the next four years. He is now turning his attention to the music and multimedia industries.

"I want an active rather than a passive cultural policy, which is open to diversity and which creates a cultural space to fill the narrowing of the economic space," he says.

He quotes approvingly from Edward Said's latest book *Culture and Imperialism*, and says he is a firm believer in cultural development as a stimulant to economic development. He says people across Europe will have to adjust to greater work flexibility and make more use of their leisure time in order to deal with unemployment.

"If we have enhanced cultural activity, there will be more alternatives to use that spare time and people will be more willing to make those adjustments." He points to the success of the Irish film industry as proof that cultural promotion also creates jobs.

He is known for arguing his views forcefully with his EU counterparts in the European Cultural Council, but he became more widely known outside Ireland earlier this year for his lifting of the two decade-old broadcasting ban on Sinn Fein, the political wing of the IRA.

"I took a lot of flak from all sides for that, but it was done in the context of the public's right to information and the political censorship issue. I revoked the ban not to facilitate Sinn Fein but to facilitate the public," he says.

A desire to give people a wide range of cultural choices underpins his arms-length approach to the government-funded arts bodies which come under his remit. These must have autonomy with responsibility, he says. It is for government to help create "the cultural space" within which broadcasters, artists, writers and musicians have the freedom to innovate. The public, he insists, does not need to be told by government what to think.

The growing international acclaim of Irish actors, directors, writers and musicians, bolstered by a string of recent successes with Oscars, the Booker prize – even a third successive win at the Eurovision Song Contest – shows how far Irish cultural policy has come from the dark days of the 1930s when writers such as Joyce, Synge and Beckett, chose exile in order to get published. Today they would be given grants and live tax-free.

As Mr Higgins finishes his lunch a man comes over to shake his hand. "I liked your last book of poems, Minister. Keep it up," he says. Mr Higgins confesses he has written "only four and a half" in the past 18 months. Nonetheless, Joyce would have been impressed.

The boat stays afloat

Continued from Page I

But in the past five years the Irish birthrate has dropped dramatically, as members of the current generation tailor their families to their pockets and life styles rather than to the traditional Catholic model: "as many as heaven sends."

The implications of this are many. For example, the ESRI forecast notes that the population change will have "traumatic" effects for the teaching profession, where jobs are already a big issue, and for the health care sector, which will have to concentrate on an ageing population. Since 1972 employment in health and education services has risen from 90,000 to 140,000 – according to last month's meeting of the Irish Business and Employers Congress. These areas are now likely to shrink.

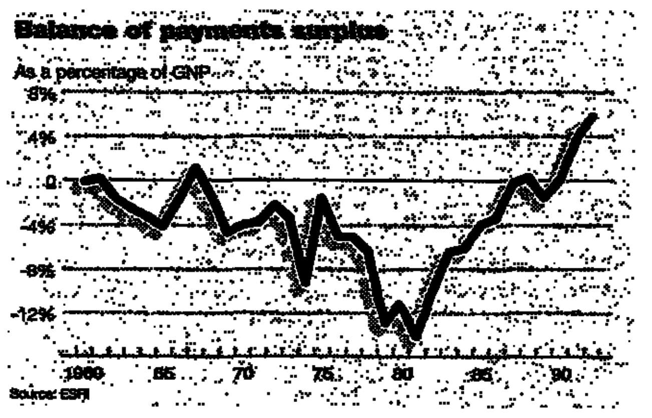
Other job sources will have to be found. The running sore on the Irish economy for nearly a decade has been unemployment; Ireland has competed with Spain for the dubious title of having the highest unemployment in the EU. Last year the Republic suffered about 19 per cent unemployed compared to Spain's frightful 21 per cent, but since late last year the figures have been dropping – save for December. (Officials put that down to "reverse emigration".)

The unemployment figure fell in March for the third successive month, with 290,600 people on the live register; 6,500 fewer than a year ago. The Central Statistical Office's figures for this time last year showed 1.146m people at work compared with 1.139m in 1992. Much of the rise in employment has been among female workers. Many women who previously stayed at home to look after their families are now being forced by circumstance, or liberated by changing attitudes, to seek work.

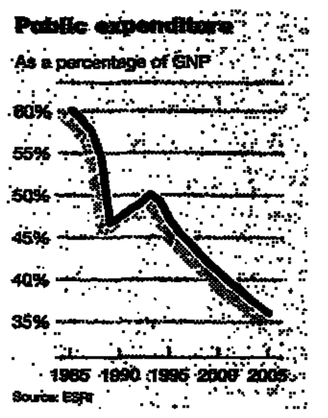
Only 18 months ago you could read angry letters written to newspapers by graduates in Co Galway, complaining of the "cheek" of married women in taking jobs. The statistics do show a stasis in the numbers of men at work, whereas female employment has risen by 55,000 since 1987. Many of these women are in the services sector – many, too, have lower pay than men, and inferior conditions.

What is the government doing to create jobs? Tax breaks for small employers and drives to persuade overseas companies to set up in Ireland are two – perhaps too common – solutions. The Industrial Development Authority is campaigning to draw multinationals, and has had success with some telemarketing companies, creating hundreds of jobs.

But the problem remains; when things go badly for the multinational, as for any creature on earth, it wants to go home.



Source: ESRI



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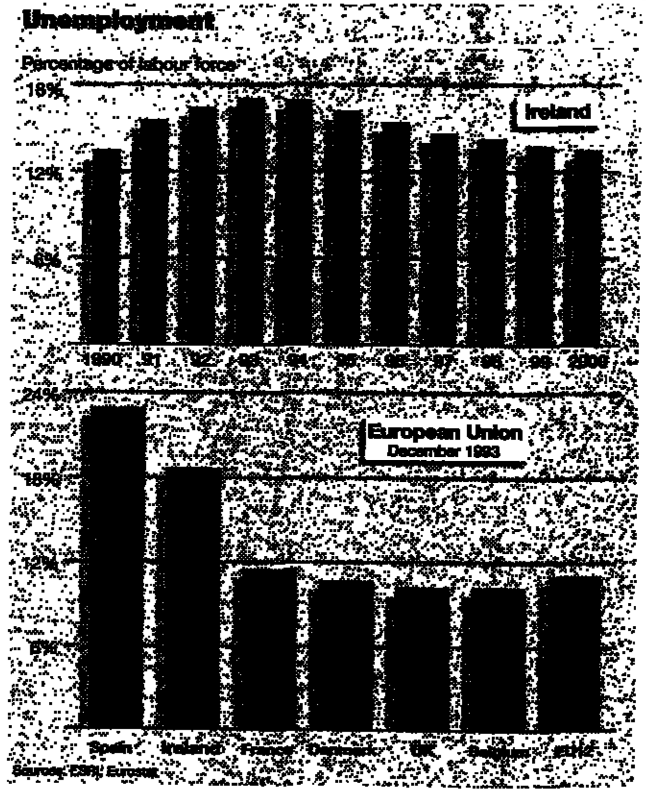


Source: ESRI; Eurostat

John McManus finds that the Dublin stock exchange is experiencing a mediocre start to the year

Last year's gains prove hard to repeat

Dublin was one of the best performing stock markets in Europe last year. It has had a mediocre 1994 so far.

The ISEQ index of Irish shares is down about 2 per cent on the year to date, compared with a 51 per cent rise last year in the prolonged bull run triggered by the devaluation of the Irish pound.

Last year's spectacular gains involved significant catching up by the Dublin market after two years of under-performing London (which it traditionally shadows). The market's performance was exaggerated by the low valuations to which Irish stocks had sunk during 1991 and 1992 – relative to UK stocks – because of the difference in the interest rates prevailing in Ireland and the UK.

The valuation differential between the two markets has largely been eliminated, according to Mr John Conroy, head analyst at Dublin's largest independent stockbroker, NCB. He predicts that further gains will be dictated by the performance of London and New York, the two markets which traditionally give a lead to Dublin.

Mr Conroy believes Irish stocks are still attractive in valuation terms, on a stock by stock basis, as the outlook for domestic earnings is positive. Ireland is forecast to have one of the highest growth rates in the EU next year and government and independent forecasters predict that the Irish gross national product will grow by more than 4 per cent.

But as in the other European markets, sustained progress will only take place in Dublin if international equity markets decouple from the bond markets which have been exerting a negative influence on them for much of this year.

Last year saw big changes in the investor profile of the Irish stock market. Turmoil in the exchange rate mechanism (ERM) in 1992 and 1993, and the subsequent post-devaluation bull run, raised awareness of the Irish market. The market's increased visibility and the inclusion of 10 of the largest Irish stocks in the Morgan Stanley Capital Index, has raised the level of overseas investment in Irish stocks, particularly by US funds.

Although the flow of US investment funds into Europe has been drying up as US interest rates tick upwards, most Irish analysts believe that US and overseas investors in the Irish market have taken a medium to long term view.

"It is a good time to buy Irish stocks, but only if international markets move ahead – we are not going to move on our own," Mr Conroy says.

The two big Irish banks, AIB and Bank of Ireland, have both attracted international attention in recent months. They are seen as cheap, relative to the European sector. Both have strong domestic retail operations, controlling about 70 per cent of the market between them and can expect to benefit, in earnings terms, from the anticipated growth in the Irish economy.

One of the biggest disadvantages for overseas investors in the Irish market is lack of stock diversity. AIB, Bank of Ireland, Irish Life, the state's largest life assurance company, and two industrial stocks, Smurfit and CRH, account for 54 per cent of the market's total capitalisation of I£12bn. The top 10 listed companies have a total capitalisation of I£9bn.

Despite the expected arrival of two new companies on the exchange this year, Dublin will continue to suffer from a scarcity of listed large industrial and retail stocks. The country's largest supermarket chain, the I£900m Dunne's Store empire, is privately owned. Quinnsworth, the second biggest retail chain, with a turnover in excess of I£500m, is owned by Associated British Foods.

The dominance of the market by financial stocks will be increased when Ireland's largest building society, the Irish Permanent, is floated in the middle of this year.

The other new entrant to the market is DCC, which is seeking a listing, having successfully completed the transition from venture capital fund to industrial holding company over the past 10 years.

Both floats are small in terms of the overall size of the market. DCC is expected to raise between about I£10m and I£20m through its flotation. The Irish Permanent may raise up to I£70m.

The biggest challenge facing the Irish stock exchange is the break with the London stock exchange scheduled for this year. The split is necessary to comply with the EU investment services directive, which specifies that each member state must regulate its own securities markets. (Since 1973 the Dublin stock exchange has been merged with the London stock exchange, which has effectively regulated the Irish market.) The Irish government is preparing legislation, the Stock Exchange Act, which will make the central Bank of Ireland the ultimate regulator of the Irish market.

The Irish stock exchange's handling of two highly publicised incidents last year is being taken into account in the framing of the new laws. Davy, Ireland's largest stockbroker, was reprimanded and fined I£150,000 by the London stock exchange last March for its role in the placing of the Irish government's 30.4 per cent stake in Greencore, the food company, in April 1994. The brokers initially told the government they had succeeded in placing the shares, but later admitted they had been unable to sell all the stock and had bought a proportion themselves to avoid embarrassment.

The reasons for the reprimand were not made public – which led to a written request from the Irish government to Davy for an explanation. The result was an indication from the Irish government that the new Stock Exchange Act will insist on greater transparency in the Irish exchange's regulatory procedures.

The Dublin exchange has also been criticised for failing to protect the interests of shareholders in the small listed property company CountyGlen, now the subject of an inquiry by an inspector appointed by the High Court.

The inspector is looking at transactions which involved the expenditure of almost half of the company's assets of I£2m without the approval of the company's 1,100 small shareholders. The stock exchange has yet to take any public disciplinary action.

The new rules for the independent Dublin exchange will provide for more information about regulatory issues to made public. But they will be modelled on the London stock exchange's rule book which, according to Mr Tom Healy, manager of the Irish stock exchange, is being revised.

Favourable legislation has allowed fast growth of offshore funds

Accessible and co-operative

Over the past two years offshore fund management in Ireland has grown at such a pace that Dublin now rivals Jersey and Guernsey in terms of the amount of offshore funds under management.

More than $9bn in offshore funds is managed in Ireland, almost entirely by companies based in Dublin's International Financial Services Centre. This compares with $2.8bn of overseas funds managed in Dublin in June 1992, according to official figures.

The main reason behind such rapid growth has been the introduction by the Irish government of favourable legislation since 1989, and the development of an International Financial Services Centre in Dublin. Ireland was one of the first EU states to adopt the UCITS (Undertakings for Collective Investment in Transferable Securities) directive in 1989. The UCITS directive allows funds that are regulated in one member state to be marketed throughout the EU.

Ireland and Luxembourg are the only two EU states where tax exempt managed funds can make use of this facility, something which has been crucial to Ireland's recent success in attracting offshore funds.

After deciding to set up an offshore fund in a tax-free zone, the next factor influencing the decision of where to establish the fund is the markets in which it will be sold, says Pat McNaughton, managing director of Morgan Grenfell's Irish fund management subsidiary. "If you wish to sell to the public in Europe then setting up where you can avail of the UCITS directive is a great advantage," he explains.

Morgan Grenfell decided to set up in Dublin rather than Luxembourg because it was a more cost-efficient location, particularly from the point of view of staff costs which are roughly two thirds of those in comparable offshore locations. The attitude of the workforce was also attractive, according to Mr McNaughton. "There is more enthusiasm for work here than in other tax havens because the others nearly all have full employment," he says.

Morgan Grenfell's move to Dublin followed the pattern of most of the more than 40 companies that manage more than 150 funds in Dublin.

In 1991, Morgan Grenfell transferred some existing funds from its operations in other tax havens to Dublin, in order to establish a base in Ireland from which to launch new funds and provide custodial services for other fund managers. Morgan Grenfell now manages funds worth $1.5bn in Dublin.

'The regulators respond quickly and let you know if they can help'

Tax incentives are available to companies setting up in the International Financial Services Centre. It is located on disused docklands near to the centre of Dublin and companies that obtain an IFSC licence before the end of 1994 can make use of a 10 per cent corporation tax rate until 2005.

Companies that obtain an IFSC licence are expected to establish an office on the Dockland site but many have not yet done so, preferring to operate out of cheaper offices elsewhere in Dublin. However, companies that do move to the docks site can make use of a remission of municipal rates and double rent relief for 10 years, as well as generous capital allowances.

Although companies that move to the docks site can obtain 25-year leases, rather than the traditional 35-year lease common in Ireland, most would still prefer five-year leases, such as those in the US, or the roll-over indexed leases of three, six or nine years that are available in Europe.

The accessibility and co-operative nature of the Irish regulatory authorities makes Dublin attractive to foreign funds, says Paul Dobbyn, a partner in one of Ireland's largest commercial law firms A & L Goodbody. The main regulatory authority is the central Bank of Ireland and its approach to the regulation of offshore funds can be characterised as "putting a lot of store by the credibility of the funds operator," says Mr Dobbyn.

"The regulators are very accessible," agrees Mr Nick Alford, general manager of GT Asset Management Ireland, the Irish subsidiary of the bank in Liechtenstein-owned GT Asset Management, which manages 14 funds worth more than $1.8bn in Dublin. "They respond quickly and let you know if they can help."

Most funds under management in the IFSC are unit trusts, many constituted so as to comply with the UCITS directive. However, Irish legislation also allows for other types of tax-exempt funds that are more attractive to international investors, including investment companies with variable or fixed share capital.

Both UCITS investment companies and non-UCITS investment companies are managed in the IFSC and there are also a number of private funds.

Although the Irish legal and regulatory framework is highly competitive it could soon lose this edge, warns Mr Dobbyn. Any changes in the law required to maintain Ireland's competitiveness as a location for offshore fund management have to go through the normal Irish legislative process, a drawn-out affair which does not give as high a priority to financial services legislation as other tax havens – such as the Cayman Islands, where financial services are of greater significance to the economy.

So far the government has been active and recently it added another type of investment vehicle to the "menu" of vehicles which can be operated from the IFSC. The Irish partnership law is shortly to be amended to allow limited investment partnerships to operate from the IFSC. The government is projecting that more than I£100m will be attracted to investment limited partnerships at the centre once they are operational.

Dublin's other attractions include Ireland's membership of the OECD, which is important for marketing funds in Japan, and the Irish legal system which, like the US and British systems, is based on common law. Fund managers can also get funds listed on the Dublin stock exchange which is part of the London stock exchange and is similarly regulated. Although the two exchanges are to split this year, the Irish exchange has indicated that it intends to continue following the rules of the London exchange.

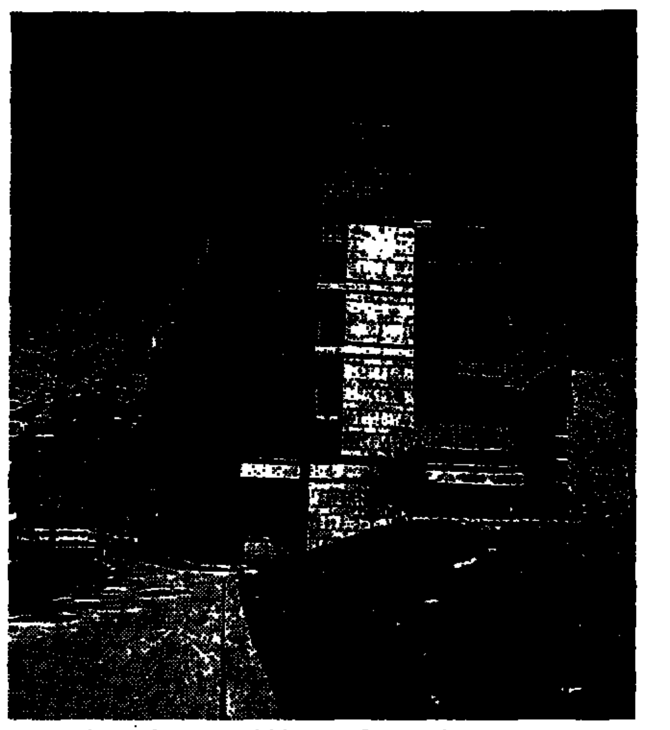
But the main attraction of Dublin for international fund managers such as GT and Morgan Grenfell is the workforce. "The 10 per cent tax rate is just another bonus," says Mr McNaughton. Ultimately Morgan Grenfell will repatriate any profits made in Ireland to its German parent, Deutsche Bank, and pay tax on it in Germany, he explains.

The Irish government hopes the workforce, and wider aspects of the business environment, will keep the notoriously mobile offshore fund managers in Dublin once the corporation tax breaks expire. The funds themselves will remain tax exempt after 2005.

"We would not have moved here just for the 10 per cent tax," says Mr McNaughton. "The raw materials had to be here. Ultimately the financial services centre that will win will be the one which provides the proper skills and people at a reasonable price," he says.

Companies arriving after 1994 will not be eligible for the 10 per cent corporation tax incentive but the fund managers who have established themselves by that time will be able to offer highly competitive custodial facilities to other fund managers. There are also suggestions that the Irish government will seek approval from the EU to extend the 1994 deadline, but as yet no official request has been made.

John McManus


The new International Financial Services Centre in Dublin

The telecommunications and energy sectors

Discordant dial tone

The dial tone for Telecom Eireann (TE) has been somewhat discordant over the past six months. National unease over raised calling charges gave way to dismay at a proposed alliance with a giant outsider, Cable & Wireless.

The new chief executive of TE, Mr Alfie Kane, has big problems to solve, such as about I£900m in debt (with an enormous debt/equity ratio of about 250 to 1) and thousands more employees than critics say are necessary.

Comparison with Aer Lingus, the national airline – which has faced waves of union hostility as it tried to correct its overstaffing – is one calculated to ring unpleasant bells with the management of the semi-state operation.

The big shadow on TE's horizon is January 1, 1998, when the European telecoms market will be opened up completely (although Ireland, like some of the smaller EU states, will get special consideration in domestic services). The level of competition across Europe is something TE could scarcely survive in its present form.

But TE is having considerable success in its campaign – run jointly with the Industrial Development Authority's overseas arm – to attract telemarketing companies. With international charges for business among the lowest in Europe, Ireland has recently been chosen by Dell computers, Best Western Hotels, ICT Group and others as a site for operations that will create hundreds of jobs.

Last year's charging changes aroused opposition, especially from small businesses, as local or internal national calls bore the brunt of big cuts for international use. The "rebalancing", as TE prefers to call it, has led to an average reduction of 7 per cent in business telephone bills. Further cuts are on the horizon.

Mr Brendan Hynes, chairman of TE until an abrupt and seemingly acrimonious departure two years ago, wrote his own analysis of Irish semi-state bodies (Telecom Eireann, Aer Lingus) earlier this year. Mr Hynes did not mince his words. "Telecom Eireann is very inefficient," he declared. From his research, he gave figures that reflected badly on the management of the country's telephone operator.

Irish customers paid an average of I£704 annually for each telephone line, compared with I£550 in Britain and I£534 elsewhere in Europe, he said. European telephone companies average one worker for 172 lines, whereas TE has one employee for every 85 (although this has come down from a figure nearer 40 just a few years ago). Population dispersal cannot justify this, Mr Hynes says; New Zealand, which has a similar population but a much greater area, has a line ratio much closer to the European norm than that of Ireland.

The last National Development Plan turned a deaf ear to TE's calls for funds for investment, allocating only I£27m from EU structural funds where I£200m had been sought. This heightened existing suspicions that the government would prefer TE to link up with a bigger, richer outsider.

However, union opposition and national defensiveness sprang to life when the government started to talk euphemistically about "strategic alliances" late last year. In March, TE received a full proposal from Cable & Wireless to form a joint venture, with about I£400m on the table.

The minister, Mr Brian Cowen, has instructed the TE board to study the C&W proposal and report back within six months on its feasibility – and any other options. He is also considering the establishment of an independent Irish telecoms authority equipped with enforcement powers, which could be essential if the scene changes from one serene operator to a cast of dozens scrabbling for market share.

Mr Cowen's portfolio also includes energy. This is not as contentious an area as telecoms, but the future could hold some headaches for whoever is in charge.

Unlike TE, there are no plans to place the energy utilities in public hands, the minister told the Irish Business and Employers' Confederation recently. However, the industry should not be complacent – the Electricity Supply Board (ESB) is currently being "reviewed".

ESB, which was founded in 1927, is under the scrutiny of a cost and competitiveness review announced in February. This, the department says, will not only help the government decide on ESB applications to have price rises sanctioned, but also provide the minister "with a solid regulation for future reviews of the electricity industry".

A review of the mining industry and concomitant policy was also announced late last year (Ireland has 20 per cent of western Europe's supplies of zinc).

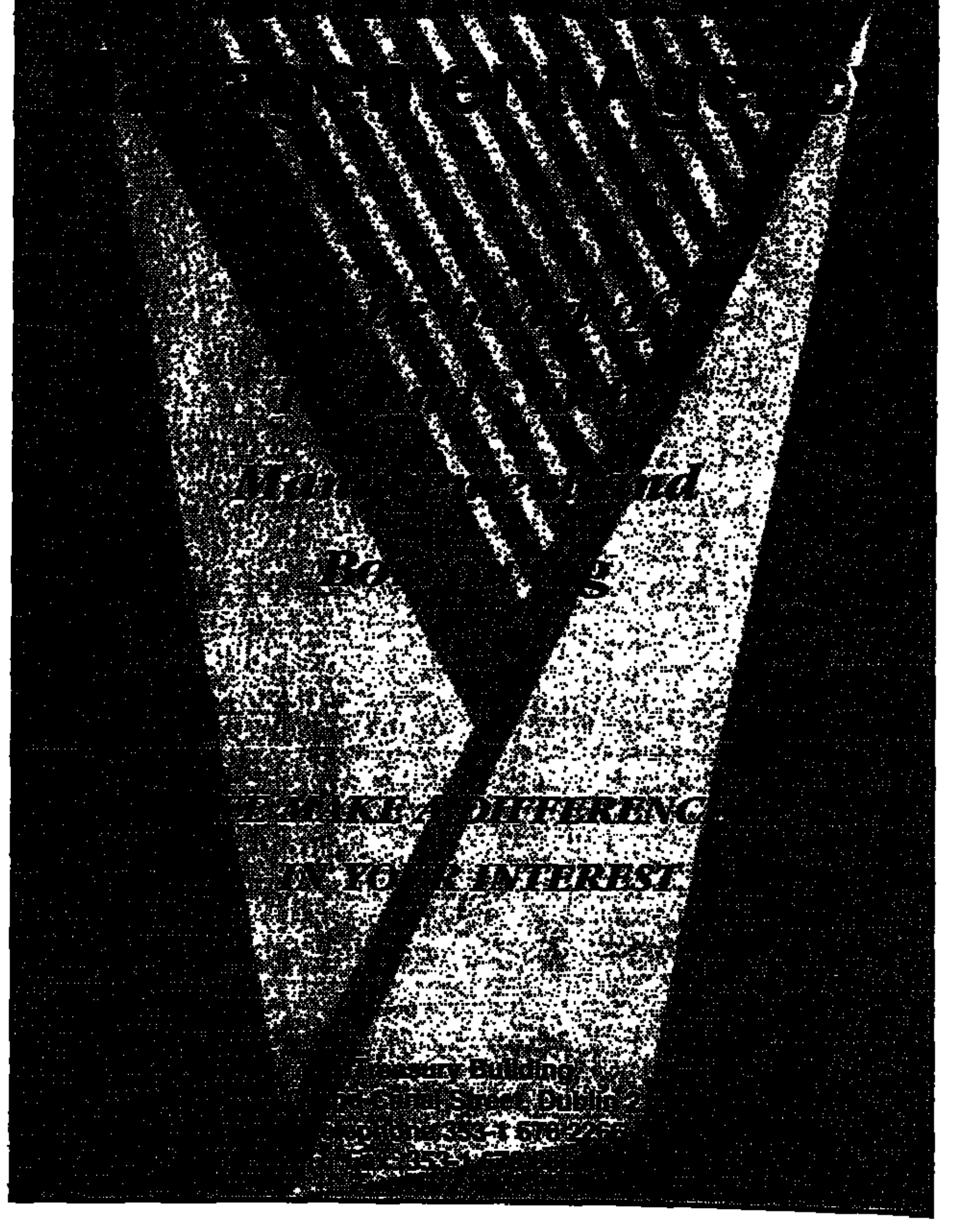
The new gas interconnector linking south-western Scotland with Ireland, at a site north of Dublin, is now on-line. At a cost of I£290m, I£90m of which came from the EU, the 290-km pipeline is the Republic's most significant energy project.

The project involved four construction efforts, including construction of a gas compressor station in Scotland. Bord Gais, the national gas supplier, has a security gas agreement with National Power and a gas purchase agreement with British Gas. Should Ireland find fresh reserves of natural gas in current exploration, there is provision for surplus supplies to be exported back to Britain through the same pipeline.

Tax incentives to promote exploration in offshore oilfields have also been in force for several years. In March Mr Noel Treacy, the Irish energy minister, awarded five exploration licences to five consortia, covering 28 blocks in the Slyne and Erris troughs.

Last October's National Plan published by the Irish government made a commitment to promote alternative energy sources. The Electricity Supply Board (ESB) has been asked to bring 75 megawatts of capacity on line from such sources as combined heat and power (CHP), small hydro or wind power. This scheme is now being developed. Peat-fired power stations are also an option, although the environmental debate over further inroads into Ireland's famous peat bogs is likely to gain impetus.

Angela Long



More than I£3.5bn will be spent on Ireland's transport infrastructure and tourism industry over the next five years under the Irish government's I£20bn National Development Plan.

John McManus looks at investment in transport and developments in the tourist industry

EU helps out with 'cohesion' cash

The money will come from the government, the private sector, and the European Union which has promised in the region of I£7bn under the next tranche of cohesion funds.

The first objective of the I£2.6bn investment in transport infrastructure is to bring Ireland's roads, railways, ports and airports up to the same standard as its EU partners'.

The main target is the national primary road network, which takes a quarter of all Irish road traffic. More than I£1.1bn will go to improve the road links between the important cities, including the road from Dublin to Belfast.

Spending on secondary and local roads will be much less significant: I£115m will be spent on secondary roads and I£475m on local roads. As a result, the motorist in Ireland can expect little respite from the potholes on the smaller rural roads and lanes. (They have become an election issue in some counties.)

The rolling stock of Iarnrod Eireann, the state railway company, is to be upgraded, as are the tracks and signal systems on the parts of the Irish rail network which are included in the EU's Trans European Rail Network – mainly the links between Dublin and the larger cities and towns.

With the opening of the Channel Tunnel, Ireland is now the only state in the EU without a direct rail link to the continent. The Irish government has promised to invest I£100m upgrading strategic ports, including Dublin and its satellite port of Dun Laoghaire.

No aid is available for improving ferries serving the routes between Ireland and its EU partners, but the two main ferry companies, Stena Sealink and Irish Continental Group, have announced ambitious ship building programmes.

In Tasmania, Stena Sealink is constructing one of the world's largest car carrying catamaran ferries for use on the Irish sea this summer. The new super-ferry will replace the existing Stena Sea Lynx catamaran service between Dublin and the Welsh port of Holyhead. It will have capacity for 120 cars and 600 passengers, travel at 50 miles an hour, and Stena promises that it will cut the sea crossing time by half, to 99 minutes.

Irish Continental has acquired one the the world's largest night ferries, the I£56m *Pride of Bilbao*, for use on the routes from Rosslare, in Co Wexford, to northern France. The company has also commissioned a I£46m ferry for use on the Dublin-Holyhead route next year, with an option for a second. The new Dublin-Holyhead ferry will triple the group's freight capacity on the route, allowing it to cut costs and – according to Mr Eamonn Rothwell, chief executive of Irish Continental – attract a substantial amount of the traffic, originating in the Republic, which now exits via the Northern Irish port of Larne.

A I£340m investment is proposed in the state's airports under the plan, on top of the I£175m in state aid to the national carrier, Aer Lingus, which was approved by the EU last December. The money is to meet the cost of a big restructuring at the airline, which lost I£56m last year. Aer Lingus has agreed to cut its costs by I£50m and has obtained permission from the Irish government to fly direct from Dublin to cities in the US, avoiding the compulsory stop-over at Shannon airport in Co Clare, for the first time. Aer Lingus has also leased three new Airbus 330 aircraft for use on the transatlantic routes.

Investment will improve Ireland's roads, railways, ports and airports, but traffic jams on Dublin's quays, beside the river Liffey, seem to go on forever

The last 12 months have seen two new airlines enter the fiercely competitive Dublin to London route. Virgin Atlantic's City Jet – an Irish company operating a Virgin Atlantic franchise – started flying from Dublin to London City Airport in January. British Airways Express – a UK company operating a British Airways franchise – started flying from Dublin to Gatwick last year.

The three airlines already on the route – Aer Lingus, British Midland and the small independent Ryanair – have all cut fares and cost as competition intensifies. Aer Lingus's share of the route has fallen from 49 per cent to 39 per cent; a big shake-out is planned.

In a country with more than 16 per cent of its workforce on the dole, most aspects of the economy are ultimately evaluated in terms of their ability to create jobs. Ireland's tourism industry is no exception.

The I£1bn investment in tourism over the next five years is expected to create 35,000 jobs. Mr Matt McNulty, director general of Bord Failte, the Irish tourist board, believes that it is a realistic aspiration. Five years ago the board was set the target of doubling tourism revenue from just over I£1bn and creating 25,000 jobs by the end of 1993. "Revenue is up 74 per cent and 24,000 jobs have been created, despite the Gulf war and recession in our main markets," Mr McNulty says.

Mr McNulty believes that tourism can create jobs more effectively than other sectors of the economy; he points out that 75 per cent of the net job gains in Ireland over the past five years have come from tourism. Bord Failte estimates that the more than 3m tourists visiting Ireland each year spend about I£1.8bn.

The emphasis over the next five years will be to create "sustainable tourism and sustainable jobs" through an intensification of the board's international marketing effort and extension of the the tourism season. Ireland's tourist season is only 23 weeks, but the board believes it can be stretched to 46 weeks by development of off-season "products" and the creation of year-round attractions.

More than 30 per cent of the I£580m worth of EU cohesion funding hoped for by the Irish government for tourism will be spent on international marketing over the next five years. "We have not fully exploited any market – particularly Germany, which is the world's biggest," explains Mr McNulty.

Together with the traditional markets of the US, UK and continental Europe, Bord Failte plans to aim at new markets. Two countries seen as having large potential are Argentina and South Africa, both of which have strong Irish connections.

The board's strategy is not to go for "ethnic" tourism, but to target countries where Ireland is well known to the whole population because there is an Irish community there, Mr McNulty explains.

The UK is still a very important market for Ireland; visitors from Britain made up 1.7m of more than 3m people who visited Ireland last year. The next biggest markets are continental Europe, with 874,000 visitors, and North America, with 417,000 visitors.

About I£300,000 will be spent on projects to extend the tourist season. The rest of the I£1bn will be spent on training, a national conference centre and other projects.

Mr McNulty believes that initiatives for projects to extend the length of the tourist season must come from the private sector. "If we create something ourselves it is not likely to be sustainable," he says. "We have to let things develop naturally and support them through marketing or grant aid." (Citing horse fairs, he points out that there have been many attempts to develop international horse fairs in Ireland, none of which have been as successful as the centuries-old horse fair at Ballinasloe in Co Galway, in the west of Ireland.)

A good example of the type of investment that the board is trying to encourage is a project to revive a woollen mill at Foxford in Co Mayo, in the west of Ireland. The mill has been converted into a "sheep to shop" experience for tourists, Mr McNulty says. This sort of project is an integral part of the role he sees for Bord Failte as "Ireland's economic agency for tourism."

There is no doubting his enthusiasm for such projects. With something of the manner of a proud father, he cannot resist showing visitors to his office in Dublin an album of before-and-after shots of projects. He feels that he has a right to be proud: only one of the 300 projects funded in the last five years has failed – "and we got nearly all our money back."

Ancient oak forests once covered much of Ireland. Over the centuries they were gradually laid bare to serve the economic and military ambitions of the Vikings, then the Normans, and later, to build the British battle fleets of Tudor, Stuart and Hanoverian kings and queens.

Tim Coone investigates the renaissance of an ancient industry

Trees planted for the future

Land that once grew Irish oak – which helped to spread the British empire from Jamaica to Jaipur – now grows cattle and sheep to build beef and butter mountains in the EU. Today there is no natural forest left in Ireland. Moreover, only 7 per cent of the country's land surface is afforested, compared with an average 24 per cent in the EU.

But Irish forestry is now undergoing a renaissance, thanks to the overhaul of the EU common agricultural policy, a range of new financial incentives and a commitment by the Irish government to a big afforestation programme. Together, these have helped forest plantings grow to some 22,000 hectares a year. A target of 30,000 hectares a year has been set for the year 2000.

"Forestry will be a mainstream industry here within 30 years with an output of over I£1bn a year at today's prices," says Mr Martin Lowery, chief executive of Coillte, the Irish forestry board.

Encouraged by tax-free grants and incentives, private plantings have grown 30-fold in the past decade, from fewer than 300 hectares a year in the early 1980s to more than 10,000 hectares a year at present.

Proposals to increase the grants by about 50 per cent, with the maximum levels at I£3,000 per hectare, are currently awaiting approval in Brussels. In total, some I£40m a year in grants is expected to be channelled to the forestry sector up to the end of the decade. In addition, all income from forestry activities has been rated free of corporation and income tax.

The existing 450,000 hectares of forest in Ireland, 85 per cent of it conifers, has mostly been planted since the early 1950s; it is only just beginning to mature. Current output of 2m cubic metres of timber a year is projected to rise to about 3.5m cubic metres by the end of the decade and will continue to rise thereafter.

In the longer term, if current planting rates are maintained over the next 20 to 30 years, Mr Lowery believes that a sustainable yield of 12m cubic metres a year is feasible from a total planted area of 1.5m hectares which have been identified as being the most suitable for forestry. This would exceed the UK's current output of some 10m cubic metres a year.

"Forestry is a far better use of EU funds than set-aside payments, because at least there is a new industry being built up," Mr Lowery says.

Currently, there are two important industrial developments in preparation, both of which will once again place Ireland on the map as an exporter of forest products.

Medite, the US company, is investing I£21m to double output from its existing plant making medium density fibreboard (MDF). It aims to produce 300,000 cubic metres of MDF a year, using forest thinnings and by-products from the country's 100 saw-mills as raw material.

Louisiana Pacific Corporation, also of the US, is due to start a joint venture later this year with Coillte to build an oriented strand board plant to export to Europe. Together, the two plants located in the Waterford region of Ireland are expected to absorb most of the residues and pulp wood coming from the newly-maturing Irish forests up to the end of the decade. Beyond then, additional processing capacity will be required as well as additional saw-mills.

But can planting levels reach the government's 30,000 hectare-a-year target? Mr Lowery admits that obtaining sufficient land is becoming a problem. Spiralling land prices "is going to make it difficult," he says.

Ms Elaine Farrell, head of the forestry division in the Irish Farmers' Association, says that poor land is currently being sold for forestry in a range of I£900 to I£2,000 a hectare, and that many farmers are now finding it difficult to compete with outside investors. More than three-quarters of private forest plantings are currently done by farmers.

Mr Lowery says that Coillte aims to pay no more than I£1,700 a hectare for the very best forestry land, and in 1992 paid an average of I£1,313 a hectare. Land prices have risen more than 30 per cent since 1990, almost three times faster than the general inflation rate.

Mr George O'Malley, managing director of Beltra Forestry, a private company which plants more than 1,000 hectares a year and manages plantations for private clients, says the tax incentives and grants available make forestry investment "very attractive as long as the cost of the land is not too high".

The growing competition for land, however, is resulting in available sites now more likely to be in parcels of "hundreds rather than thousands of acres," he says.

Meanwhile, opposition is growing from another quarter. Environmentalist groups are becoming increasingly vocal over the steady encroachment of sombre blocks of Sitka spruce on the Irish countryside, and are demanding that a greater variety of tree species be planted and that planning controls be introduced for new plantations.

The government has responded predictably (by setting up a a committee to consider the issues), but has signalled that new legislation will probably – eventually – follow.

Mr Lowery says that Coillte's aim is to reduce Sitka spruce plantings from just over 80 per cent at present down to 65 per cent, and to increase native broadleaf species such as oak and beech to around 10 per cent.

Four years ago it began landscaping new plantations. But the species-diversity problem is that Sitka grows better than any other tree on low-quality soils, and in Ireland's damp, temperate climate at rates five to six times faster than in Scandinavia or North America, and at about double the rate of growth in the UK.

Better quality conifer trees and hardwoods, suitable for joinery and sawlogs, require better soils, and the best agricultural land can now cost over I£6,000 a hectare.

The higher grants will undoubtedly have the desired effect of encouraging increased plantings and greater species diversity, but the danger is that they might also drive land prices higher still and ultimately dampen investor enthusiasm in the sector.

Angela Long at the movies

Investors get good terms

To call the whole country "Paddywood" is stretching language, but over the past year there has been a mini-boom in film production in Ireland.

In April some 12 films were in production. Six more were about to start filming. A London newspaper went slightly wild recently, predicting that Ireland could become Europe's main site for film production.

Mr Michael Dwyer, film critic of the Irish Times, points out that ever since 1928, when Alfred Hitchcock made *Juno and the Paycock* in Dublin, Ireland's rapidly changing light and slowly changing landscape have been irresistible to directors seeking not just nostalgia but authenticity. What is more, the 1993 Finance Act gives a three-year tax relief on whatever proportion of a film's investment is Irish, up to I£1m. More recently, the government has again tinkered with financial incentives, while insisting that share capital with a minimum three-year payback should be the baseline source of funds.

Companies such as Farrell Grant Sparks, Dublin accountants (FGS), have taken advantage of the favourable terms for film investment. FGS has set up a film production company, which raised I£2m within two weeks. Mr Richard Fox of FGS says the company, which "met investor demand for a tax shelter before the year-end cut-off for individuals on April 5", is now looking for a project. "I'd say that, judging by the success of this venture, we would look at similar ones in the future."

Internationally, Irish films have a high profile at present, following American interest in *In the Name of the Father*, directed by Jim Sheridan, and last year's *Crying Game* by Neil Jordan. The prominence of Daniel Day Lewis, who also starred in Sheridan's previous big success, *My Left Foot*, has also called attention to the Irish product.

It should be no surprise if the Irish were to make a success of the film industry, at least at the creative level. Their *seanachai* (storytellers) of old possessed the wild imagination and verbal creativity which later surfaced in the work of Swift, Beckett and Joyce. Today Ireland is top in the whole of western Europe for per capita cinema attendance.

In Dublin, the Irish Film Centre, with smart premises in a former Quaker meeting house in Eustace Street, in the centre of town, attracted 16,000 members in 1993, its first full year of operation. Squabbles about management and financing spoil its image slightly, but, with several film development and production companies located in its premises, the IFC provides an attractive focus for the film buff in the national capital.

So far, most films for main release made in Ireland have tended to be modest in budget compared to the big spending on *Jurassic Park* and its lavishly produced kindred. Yet the success of, for example, *Into the West*, made by Dubliner Gabriel Byrne, has shown that there is a market for the "small" picture.

"The Irish industry is never going to make *Terminator 3*, but our films will always be story-driven – smaller films costing I£3m to I£5m," says Mr James Flynn, submissions manager at the Irish Film Board, based in Galway.

The film board (*Bord Scannan* in Gaelic) has been receiving about 30 formal applications for funding each month since it was revived in 1992. This, says Mr Flynn, is on top of less formal approaches from a wide range of film-makers.

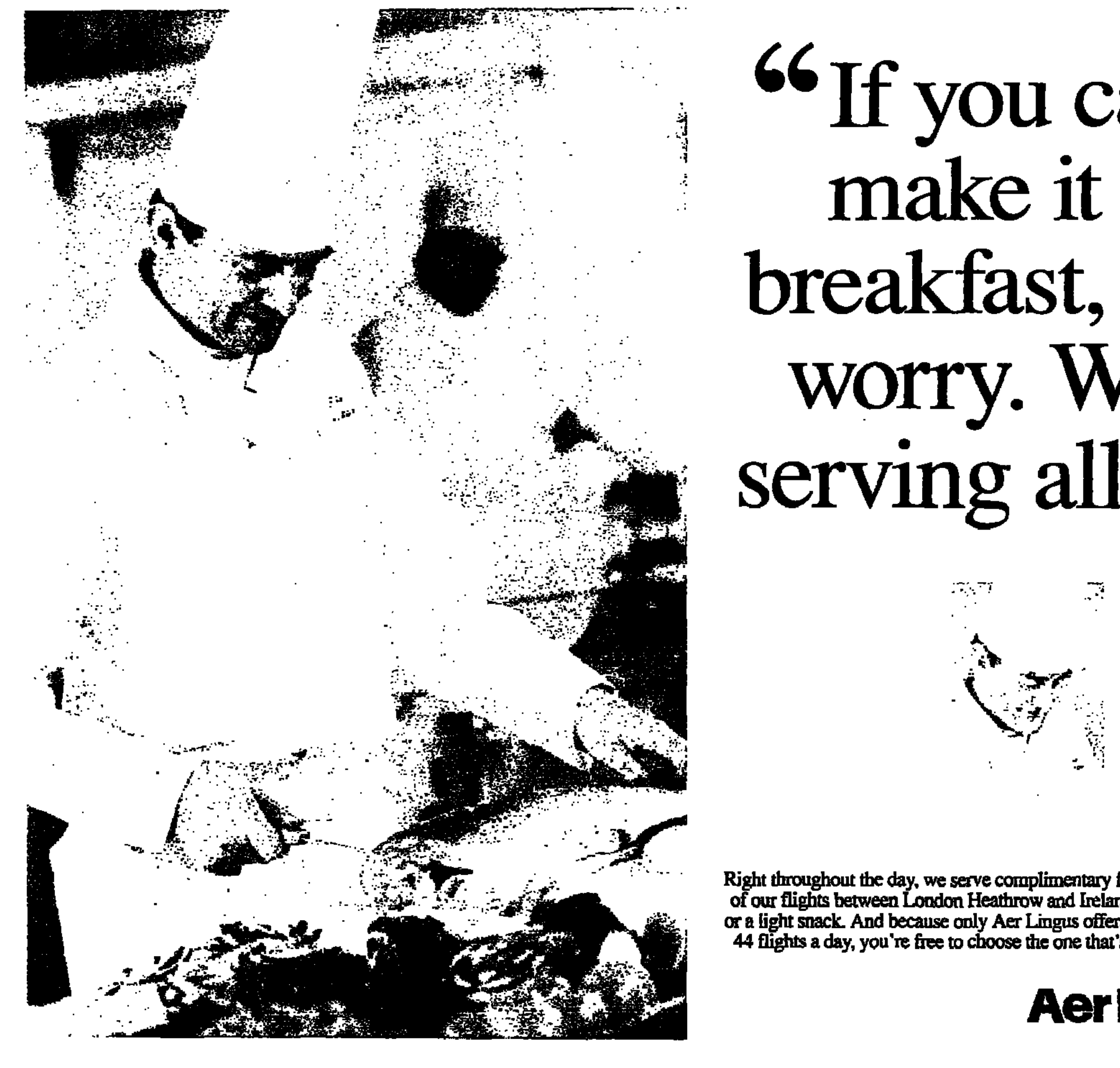
The government has also been launching initiatives to create the right sort of skilled labour for film production. Mr Michael Higgins, minister for arts, announced a "comprehensive training programme for the film industry" last October. His department was looking for EU structural funds to assist the programme, which he said aimed to raise standards in the complete range of film skills.

While the future for features looks rosy (provided they get a better critical reception than the recently-released *Widow's Peak* – despite the talents of Mia Farrow, Jim Broadbent and Natasha Richardson), the animation sector has not lived up to its promise of five years ago. After *An American Tail*, a charming full-length feature which failed to ignite the box office in the *Aladdin* mode, the animation company mainly responsible, Sullivan Bluth, went bankrupt. The shell of the company was subsequently salvaged by overseas investment.

Fred Wolf Animation, the Los Angeles based company responsible for the invasion of the teenage mutant Ninja turtles, has had a Dublin studio since 1989. Most recently, it did all pre- and post-production of the 11-part television version of the Duchess of York's *Budgie the Little Helicopter*, to be seen on ITV.

Mr Eamonn Lawless, Wolf's managing director in Dublin, heads a full-time staff of 16. "We are feeling very optimistic, but things are relatively slow in the industry overall," he says. "For full-length features, Dublin would be a good location because labour and production costs are lower than in the US."

But still competition from Asia, where labour costs are even lower, is growing.



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IN BRIEF

Moulinex shake-up runs into snag

Moulinex, the troubled French household electricals company, faced a last-minute hitch in the completion of its long-awaited financial restructuring package. Page 18

Home's best for Bosch-Siemens
Mr Herbert Wörner, president and chief executive of Bosch-Siemens Hausgeräte, concedes it is fashionable to knock manufacturing in Germany as too costly and uncompetitive. Page 18

Mack Trucks forecasts return to profit
Mack Trucks, the US subsidiary of France's Renault Véhicules Industriels, should see a profit this year after five years of losses. Page 20

Euromarkets creak back
Two large sterling issues helped the eurobond market creak back into action. Page 22

Maytag sale in Australia and NZ
Maytag, the US home appliance manufacturer, is to sell its Australian and New Zealand-based white goods and floorcare appliance operations. Page 19

BTR directors' pay rises 17%
Directors of BTR, the industrial conglomerate, have received basic salary increases for this year of up to 17 per cent. And it has emerged that the salary of chief executive Mr Alan Jackson cannot be cut. Page 24

BET finishes its restructuring
BET, the UK business services group which over-expanded by acquisition during the 1980s, said its restructuring was complete, but warned that pressure on margins and difficult trading conditions persisted. Page 24

Thorn EMI negotiates sales
Thorn EMI said yesterday that it was negotiating to sell its security business and part of its defence subsidiary. A sale of the businesses could precipitate a demerger of its core music and rental divisions. Page 24

Coutts buys in France
Coutts Consulting Group, the career consultancy, outplacement and residential training company, yesterday agreed to acquire GBA Group, one of the leading outplacement and career counselling groups in France. Page 23

Lep Group may float US arm
Lep Group, the lossmaking UK freight forwarding and security group restructured by its banks in 1992, is considering a partial US flotation of its American security business to reduce its debt. Page 25

Lasmo goes directly to shareholders
Lasmo, the oil exploration company, yesterday took its battle to fight off a hostile bid from fellow explorer Enterprise Oil directly to its shareholders. Page 25

M&S extends retailing lead
Marks and Spencer yesterday extended its lead as the UK's most profitable retailer, announcing a 16 per cent increase in pre-tax profits. Page 18; Expansion accelerates, Page 24

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Chief price changes yesterday

FRANKFURT (DM)			
Falls			
Bay Vereinsbank	455	-	17.5
Deutsche Bab	244	-	14.3
Hochtief	1065	-	33
Mannesmann	448	-	15
Preussag	459.5	-	23
Rheinmetall Berlin	327	-	21
NEW YORK ($)			
Rises			
Dell Computer	31½	+	2⅝
IBM	62¾	+	1⅛
Lotus Dev	65¼	+	2⅝
Medical Care Am	27⅞	+	3⅝
Merck	31¾	+	1⅛
Storage Tech	31½	+	2¾
PARIS (FFr)			
Falls			
Bancaire Comp	579	-	20
Essilor Intl	679	-	33
Imm France	500	-	24
Radiotechn	550	-	22
SILIC	810	-	59
UFB Locabail	430	-	19
TOKYO (Yen)			
Rises			
Kagawa Bank	1300	+	100
Kansai Kogyo	580	+	56
Nippon Carbon	477	+	37
San-Com	254	+	34
Shiroki	632	+	47
Falls			
Nihon Seimo	315	-	25

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
Capital Inds	163	+	5
Dawson Intl	150	+	4
Euro Colour	51½	+	3
Fairline Boats	435	+	40
Metro Radio	364	+	9
Seton Healthcare	328	+	6
Severn Trent	518	+	11
TT Group	364	+	8
Wyndeham Press	132	+	5
Falls			
Acorn Computer	91	-	5
Betterware	109	-	14
Blick	470	-	14
Cementone	80	-	16
Eidos	325	-	25
Inchcape	499	-	21
Jeyes	335	-	41
Ladbroke	175½	-	7
Marks & Spencer	412	-	12½
Ocean Group	273	-	14
Oxford Instruments	282	-	11
Utd Carriers	115	-	33

US companies in the spotlight over their exposure to financial instruments

SEC scrutinises use of derivatives

By Richard Waters in New York

The pressure on US companies to reveal more about their use of derivative financial instruments grew yesterday as it emerged that the Securities and Exchange Commission had written to a number of companies asking them for more information about their activities in this area.

News of the SEC's request comes ahead of an appearance today by the agency's chairman, Mr Arthur Levitt, before the House of Representative's subcommittee on telecommunications and finance. Mr Edward Markey, the subcommittee's chairman, revealed last week that he is planning legislation on derivatives.

The SEC's letter is believed to have been directed to some of the largest users of derivatives, instruments which companies use to reduce exposure to exchange or interest rate fluctuations.

In recent weeks reported losses, most notably from Procter & Gamble, has led to concern that in some cases derivatives have increased the risks companies are running, rather than reduced them.

Yesterday Dell Computer announced an after-tax loss of $15.6m after it misjudged the trend of European and Japanese interest rates and incurred losses on its investment portfolio which used derivatives.

The Financial Accounting Standards Board, which sets accounting regulations, is also pressing US companies for extra disclosure. The body has released draft disclosure rules for derivatives, and hopes to have a final version in place to apply to companies whose financial years end in December.

The FASB's draft requires companies to explain the objectives of their use of derivatives, and the instruments and hedging strategies they use.

The spotlight that has been turned on to the use of derivatives – and the attention paid to every small loss incurred, whether or not such instruments have enhanced companies' profits in the past – has scared most big companies away from talking publicly about this area.

"It's like asking them about their marital relations," said one auditor with a big US accounting firm.

Also, several companies are believed to have commissioned external reviews of their derivatives portfolios, to reassure themselves that they do not have losses in this area as well.

Today's hearings in Washington have been prompted by a report on derivatives from the US General Accounting Office last week, which called for more regulation of the way companies use such financial instruments.

Dell Computer, Page 18

Santander lines up Banesto disposals

By Tom Burns in Madrid

Banco Santander, which acquired Banesto last month, intends to sell most of the collapsed group's banking interests outside Spain over the next few months, according to Mr Emilio Botín, Santander chairman.

Confirming market expectations, he also told a parliamentary hearing in Madrid that he would dispose of Banesto's corporate interests, which include mining, construction, battery manufacture and media.

Mr Botín was making his first public statement on the future of Banesto since Santander acquired the banking group for $2bn on April 26 in the largest domestic takeover to date. His evidence to the legislators suggested a strategy weighted towards stripping the assets of Banesto rather than consolidating them within Santander.

However, Santander will retain Banco Totta e Azores, the Portuguese bank, which Mr Botín said was a "high value" asset and one of the "main reasons" for acquiring Banesto. He intended to discuss the future of BTA with the Portuguese authorities.

The Lisbon government contests the size of Banesto's holding in BTA. Banesto holds just under 25 per cent of the Portuguese bank's stock – the maximum allowed for a foreign bank under BTA's privatisation – but Banesto is estimated to control a further 25 per cent through nominee shareholders. Santander already owns a Portuguese banking group, Banco de Comercio e Industria, BCI.

Mr Botín bluntly said he intended to sell Banesto's industrial assets "in an orderly and prudent fashion... without surprises... and never at knockdown prices". Companies in Banesto's industrial holding include the large battery producer Tudor, the mining group Asturiana de Zinc and the construction company Agromán.

Banesto's new owners will, in addition, put up for sale the bank's media interests, the most important of which are minority shareholdings in the Antena 3 television network and in the El Mundo newspaper group. Bankers Trust, the US investment bank, has been given the mandate for the media disposals.

Mr Botín said Banesto's international banking subsidiaries – Banesto Banking Corporation in the US, Banesto Chile Bank, Banesto Banco Uruguay and Banco Shaw in Argentina – were "of little importance". They would either be absorbed by the Santander group (Santander has subsidiary banks in Chile and in the US) or sold.

Strong yen leads to Inchcape profit warning

By Andrew Bolger in London

Shares in Inchcape fell 21p to 499p yesterday after the UK-based motors, marketing and services group warned that profits in the first six months of this year would be below last year's.

Sir David Plastow, chairman, said that – as in 1993 – the group was suffering from the strengthening of the yen and the Japanese recession, the downturn in continental European motor markets and austerity measures in China. He told yesterday's annual meeting: "Not much has changed since then and, in particular, we have yet to gain any significant respite from the yen's strength."

Nonetheless, the chairman was cautiously optimistic that Inchcape could achieve sufficient progress in the second half to maintain the group's year-on-year profit growth. Last year Inchcape made pre-tax profits of £272m ($408m). Analysts downgraded forecasts to between £255m and £270m. Sir David said the group's performance in the early months of this year had varied. Motors import and distribution continued to suffer from the strong yen and the depressed continental car markets.

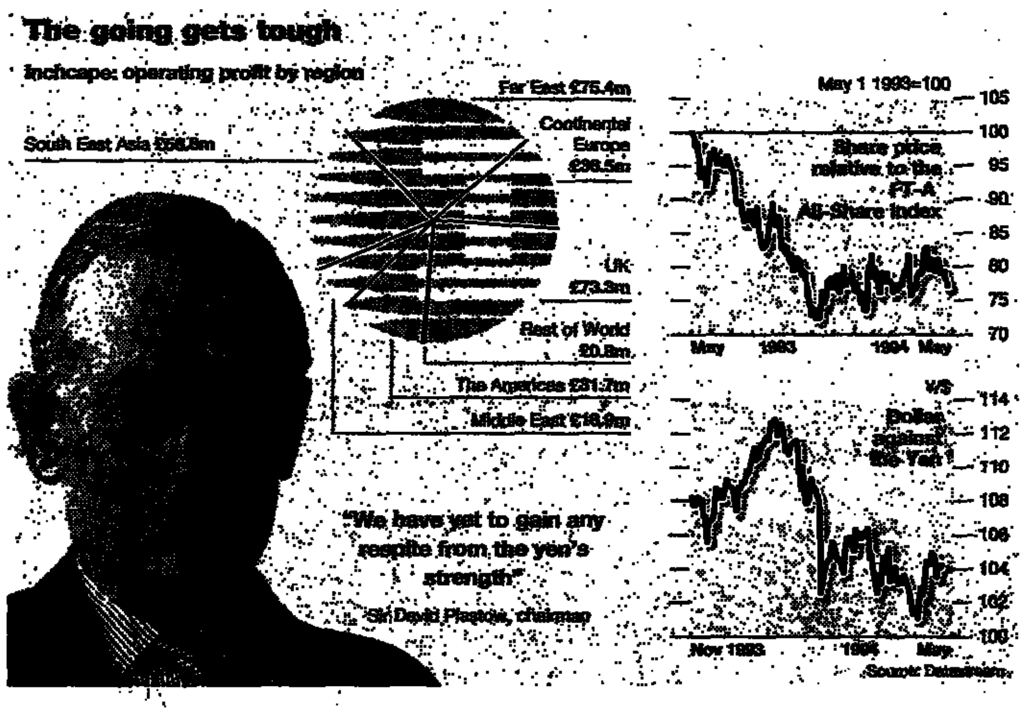
"However, the Asian businesses generally continue to perform well although, as previously announced, we no longer benefit from the joint venture in Hong Kong, exporting Toyota vehicles into China," he said.

This joint venture came to an end at the turn of the year, having contributed £14m to group profits in 1993, of which nearly £11m was earned in the first half.

The group's marketing business stream had improved its performance in 1994 and the remedial actions taken, particularly in Malaysia and Taiwan, were paying dividends. However, Japan, in spite of signs of improvement, continued to be a challenging economy for most of the marketing businesses.

"Insurance services, shipping services and testing services have continued to make good progress, and although the western retailing environment is still depressed, buying services is recovering," said the chairman.

Last month Inchcape made a £176.6m agreed bid for Hogg Group, which it hopes to merge with its own insurance broking subsidiary, Bain Clarkson, to create the seventh largest insurance broker in the world.



"We have yet to gain any respite from the yen's strength"
Sir David Plastow, chairman

Low price prompts LCH to pull float

By Simon Davies in London

The £150m ($225m) flotation of London Capital Holdings, the property investment company, was pulled yesterday in the face of a weak stock market and investor indigestion at the £930m of capital raised in the listed property sector this year.

The issue was to be launched this morning, but Citibank was not prepared to accept the price at which advisers said its shares would have to be sold.

They had planned to raise more than £100m from the combined sale of up to 70 per cent of Citibank's holding and £15m of new shares. However, it is believed that Warburg Securities recommended the share offer should be made at a 10 to 15 per cent discount to the company's £160m net asset value, in line with other recent issues.

The property sector was the star performer of the stock market last year, sparking a proliferation of flotation candidates.

Capital Shopping Centres, the first property flotation of the year, was offered at a 13 per cent premium to its asset value, but it received an unenthusiastic response. Since then, values have fallen, while competition has intensified, with CLS Holdings, Pillar Properties and Argent Group all launching offers in the past fortnight.

Mr Jeffrey Heintz, Citibank's representative on the LCH board, said: "We weren't prepared to chase the market down for the sake of doing a deal."

LCH has £245m of gross assets, and is wholly owned by Citibank. Mr Heintz said the bank would review its options. These include relaunching the issue later this year, selling the property portfolio directly, or a private placement with institutions.

The offer was being sponsored by Baring Brothers, with Warburg as brokers. LCH was formed from the remnants of Randsworth Trust, which was taken private in 1989 at the peak of the market, but subsequently had to be rescued by its banker – Citibank.

The company has a portfolio of West End of London properties, but the management has suffered from the fact that Citibank was restricted from putting new capital into the business. This left the joint managing directors, Mr Nigel Kempner and Mr Stephen Musgrave, with little scope in the rising market, other than to improve the quality of existing properties.

Barry Riley

Scarce capital chases the swings of the cycle

The switch from last year's apparent global abundance of capital to this year's developing scarcity has been sharp, but not at all unusual in terms of past cycles.

This week global long-term interest rates have edged up again after a short respite. As for short-term markets, there has already been a flip up in dollar rates and most UK economists now appear to believe that sterling rates have bottomed. Worse for sentiment, the comfortable assumption that continental European short-term rates would continue downwards for a considerable period was called into question by remarks made by Mr Hans Tietmeyer, Bundesbank president, on Monday. Only in Japan do interest rates seem thoroughly subdued – but, even there, the laws of arithmetic state that there is little downside from 2 per cent.

The background to all this is economic acceleration. Last year's capital market frolics were conducted in the context of OECD growth of only about 1.2 per cent, and zero outside the US. But this year the OECD growth rate should be fairly close to the long-term average of about 2.4 per cent. Meanwhile the dynamic Asian economies are surging ahead at around 8 per cent; by 1995 the global growth rate may be 4 per cent.

From the global investor's point of view the challenge is that the worldwide cycle is a composite of many different national cycles. Although out of phase they are linked by international capital flows to a degree not seen in recent history. Thus German long-term interest rates have gone up this year even though this move would not yet be justified by the domestic cycle.

Financial theory says that in a recession idle capital drains out of the productive economy and tends to push up the value of financial assets. With recovery, money is sucked back into working capital and eventually into rising fixed investment. Bond yields rise and prices therefore fall, though equity prices are subsequently sustained in a rising trend for a number of months because of the positive pull of rising profits and dividends.

Securities markets are no longer buoyed by liquidity surpluses

Later in the cycle there is a buoyant demand for real assets, including property and commodities. Finally, late cycle inflationary pressures lead to bull markets in inflation hedges and collectables, ranging from gold to old masters.

This chronology has been clearly displayed in the dollar markets, with long bonds peaking last October and the stock market in early February. Now the bull market has shifted to commodities with the CRB Futures Index, for instance, up 12 per cent over the past year. As is characteristic of a cyclical bull market, the rise in prices of many commodities – such as apparently abundant base metals, for instance – is often difficult to justify on fundamentals, but it reflects a combination of inventory building by industry and trend-chasing by speculators. Only some time later may the excitement spread to gold, which is up a bare 3 per cent over the past 12 months.

Meanwhile bonds are suffering. Real interest rates on bonds are now becoming very high, because of shifts in the delicate balance of global financial flows. In pressurising the Japanese to stimulate their economy the Americans are also threatening the major source of global savings.

Big public sector deficits are too prevalent. Whether the pressures within the global financial markets produce a serious crunch will depend on whether the borrowing governments can tighten their budgets and neatly withdraw from the capital markets as recovery gathers pace.

The immediate message is that the climate has fundamentally changed. We may not be in a fully fledged bear market, but the balance has shifted and securities markets are no longer being buoyed by liquidity surpluses. Instead they are liable to be hit by obscure selling pressures as various market participants (such as the hedge funds last winter) are forced to liquidate or redirect resources. Issues are trickier to launch and flows into mutual funds are moderating.

Short-term opportunities may be cyclically scarce, but on the other hand long-term investors are once again finding value – in high real yields, for instance – that will satisfy their realistic funding objectives.

Moulinex shareholders delay financial shake-up

By Alice Rawsthorn in Paris

Moulinex, the troubled French household electricals company, yesterday faced a last-minute hitch in the completion of its long-awaited financial restructuring package when its shareholders postponed until this afternoon a vote on bringing in a new investor.

The company, which also disclosed that it sustained an unexpectedly heavy net loss of FFr550m ($97.7m) in its last financial year to March 31, yesterday morning announced plans for a FFr1bn rights issue. But it can only proceed with the issue after its shareholders have appointed the new investor.

Moulinex, which is controlled by Finap, a company owned by its founders and employees, has for months been in negotiations with prospective investors. It has received firm offers from Glen Dimplex, an Irish competitor, and Euris, a French investment consortium.

The Moulinex workforce earlier this year voiced its opposition to the Glen Dimplex offer on the grounds that it could lead to job losses. Moreover the company's executives last week voted in favour of accepting the Euris bid.

Moulinex last night could give "no specific reason" for the decision to postpone the meeting. If the vote goes ahead today, the company will proceed with plans for the rights issue and for the reorganisation of its complex share structure.

The completion of the financial restructuring will end years of uncertainty for Moulinex which has been in deep difficulty since its acquisition in 1991 of Krups, a German competitor. The Krups deal made sense in strategic terms as it enabled Moulinex, best known for food processors and Swan kettles, to expand into buoyant new product sectors such as expresso coffee machines.

But the Krups acquisition also left Moulinex with heavy debts on the eve of the economic recession.

The company fell into the red in the 1992-93 financial year with a net loss of FFr115m on sales of FFr8.22bn, only to sustain even heavier losses last year.

Moulinex, which has made dramatic cuts in its workforce to try to stabilise its finances, said it had been forced to make provisions of roughly FFr500m in the 1993-94 financial year.

These charges include FFr150m to cover restructuring costs and FFr160m for product and litigation risks.

Derivative losses cost Dell $15m

By Richard Waters
in New York

Dell Computer has announced an after-tax loss of $15.6m after misjudging the trend of European and Japanese interest rates. It joins a list of US companies which have reported losses on derivative instruments in recent weeks.

Dell believed that medium-term European and Japanese bond yields would fall, reflecting the pressure on economies in those countries, at a time when US interest rates were rising. In the event, bond yields around the world jumped as the US Treasury ratchetted up short-term interest rates.

"We anticipated the US rate movement – we had that spot on. What we didn't anticipate is what that would mean to other finance ministries around the world," said Mr Tom Meredith, chief financial officer.

The losses were incurred in the company's investment portfolio, which at the end of last year was valued at $313m. Dell used derivative instruments to boost its returns from these investments. According to Mr Meredith, such instruments have added more than $10m to investment income in the past three years.

Dell's investment strategy involved it writing (or selling) options and swaptions (options which give the buyer the right to enter a swap agreement in the future), said Mr Meredith. Writing options in this way is generally considered a high-risk exercise for a non-financial company, since the potential losses are difficult to hedge.

The company said it had closed more than half of the derivatives positions in its investment portfolio, and planned to close the rest by the end of its third quarter, at the beginning of November.

"We have decided to discontinue this level of exposure, and we do not intend to engage in derivatives for investment purposes in the future," Mr Michael Dell, chairman and chief executive, said.

Dell also announced an unrelated $10.7m loss on its investment portfolio linked to a change in accounting practice.

The losses reduced the company's net income in the three months to May 1 to $18.9m, compared with $10.2m a year before.

Big jump in first quarter at Incentive

By Christopher Brown-Humes

Rising demand and improved competitiveness provided the impetus for a big jump in first-quarter results at Incentive, the industrial and investment group controlled by the Wallenberg family.

Profits before financial items rose 51 per cent to SKr130m ($16.9m) from SKr86m, excluding associate companies. Sales rose 12 per cent to SKr3.35bn, while orders were 11 per cent higher at SKr3.65bn.

Last month, Incentive paid SKr3.7bn to acquire a 44 per cent stake in Cardo, the Swedish investment group. It then launched a bid for the rest of the group in a move to secure control of Gambro, the medical equipment specialist.

The group forecast higher profits per share in 1994, even though the Cardo purchase will lift interest expenses and goodwill amortisation. Last year, profit per share was SKr6.75. Mr Mikael Lilius, president, said demand was increasing in Europe, North America and Asia.

Pharmacia share offer details unveiled

By Christopher Brown-Humes
in Stockholm

Sweden is to offer domestic investors a maximum of 47.5m shares in next month's sale of up to 82.2m shares in Pharmacia, one of Europe's top 10 pharmaceuticals groups.

The balance of the issue will go to international institutions, taking foreign ownership in the group above 15 per cent from its current 6 per cent.

The figures were revealed yesterday when the prospectus for Sweden's largest privatisation was published. The state plans to sell up to 47.4 per cent of the votes in Pharmacia, but will retain 10.1 per cent to ensure ownership stability. The issue is expected to bring in around SKr10bn ($1.3bn), based on the company's SKr125 share price.

The government wants to make Pharmacia a "people's share". It aims to ensure that each private Swedish investor gets at least 50 shares at a SKr10-per-share discount to the institutional price.

The issue size has been set at 72m shares – 40m for the public and 32m for institutions – but it will rise to 82.2m if the demand is there. The offer is also subject to a clawback arrangement, meaning institutions could end up with only 24.5m shares.

The state intends to offer 10m shares in the US, 9.5m in the UK, 7.5m in the Nordic region and 5m in continental Europe, although final allocations will depend on demand and pricing. The institutional price, to be set through a book-building process, will be published on June 17.

Volvo, the Swedish vehicle group, holds a 28 per cent stake in Pharmacia which it intends to sell in 1996.

Euro Disney investors set for debt vote

By Alice Rawsthorn

Euro Disney, the troubled leisure group, yesterday called its shareholders to an extraordinary general meeting on June 8 to vote on proposals for a FFr13bn ($2.3bn) emergency financial restructuring.

The meeting, which will be held at the EuroDisneyland theme park on the northern outskirts of Paris, will be something of a formality. Walt Disney, the US entertainment company that orchestrated the restructuring, owns 49 per cent of Euro Disney's equity, thereby ensuring that the proposals will be approved.

However, the meeting is expected to be stormy, as it offers a rare opportunity for Euro Disney's other investors to air their views.

These investors, many of whom have sustained heavy losses on the steep fall in Euro Disney's shares, face dramatic dilution in the value of their holdings because of the FFr6bn rights issue which is a key part of the restructuring.

M&S extends lead in UK retailing

By Neil Buckley in London

Marks and Spencer yesterday extended its lead as the UK's most profitable retailer, announcing a 16 per cent increase in pre-tax profits to £851.5m ($1.3bn).

It also said it planned to spend more than £1bn in the next three years on stepping up expansion in the UK, continental Europe and east Asia, and was looking at opening stores in China and Japan.

Last year, M&S's profit of £736.5m was only just ahead of J. Sainsbury, the UK's largest grocery retailer. However, with Sainsbury this year reporting only £369m after exceptional charges – or £777m before these – M&S's lead was unchallenged.

"We have shown we can deliver profitable growth in this country and overseas, consistently," said Sir Richard Greenbury, chairman. "If we can do that through the kind of recession we have been through, we think we are in good shape for the years ahead."

However, M&S shares fell 12½p to 412p on what was seen as a cautious results statement – warning that cost inflation might re-emerge later this year – and disappointment that profits were at the lower end of expectations. They were reduced by a £16m increase in pension costs.

Group turnover rose 10 per cent to £6.54bn, and operating profits 18 per cent to £873.4m.

Sir Richard attributed the improvement to M&S's strategy of offering "outstanding value" by improving product quality and trimming some prices, particularly in food. That had been made possible by cutting costs and investing in information technology, which allowed the group to reduce its gross margin while maintaining its net margin.

UK clothing sales had increased 7.5 per cent in a market which grew only 4.5 per cent, and food sales had risen 7.1 per cent, against general growth of 5.9 per cent.

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Expansion accelerates, Page 24

Bosch-Siemens casts eye over new ground

Herbert Wörner speaks to **Andrew Baxter** about expansion in and out of Germany

Mr Herbert Wörner concedes it is fashionable to knock manufacturing in Germany as too costly and uncompetitive. However, the president and chief executive of Bosch-Siemens Hausgeräte says: "We would not go along with that on a general basis."

The wisdom, or otherwise, of manufacturing in Germany is an important issue for Mr Wörner. Bosch-Siemens is the most German and least global of the big three white goods producers in Europe – Electrolux of Sweden is market leader and Whirlpool of the US is in third place.

Mr Wörner wants to change that, at least partially, and says Bosch-Siemens is developing a better manufacturing base to support his plans.

The group has been working behind the scenes to reduce its domestic production costs and raise productivity. A re-organisation that began in 1991 and was completed last summer has significantly reduced costs, says Mr Wörner.

Over the past three or four years, he says, the company's components sourcing policy has changed fundamentally. "We used to buy much more in Germany," he says. If the quality is good, Bosch-Siemens is now open to buying components in the UK, Italy and Spain.

Recently, it has been holding "buyers' meetings" in Hungary, the Czech Republic, Russia and the Ukraine, where potential parts suppliers are shown a complete machine and asked whether they can supply components.

Mr Wörner sees two very good reasons why Bosch-Siemens will continue manufacturing at its five plants in Germany. First, in an industry where economies of scale are vital to manufacturing competitiveness, the group can boast the world's biggest plants in a number of product lines.

Secondly, labour costs may be higher in Germany than elsewhere in Europe, but there are logistical advantages to manufacturing in a country which accounts for one-third of the DM45bn ($27.3bn) west European white goods market, and where Bosch has a market share of more than 30 per cent.

Bosch-Siemens has even been expanding its German manufacturing. A new factory at Nauen in eastern Germany will start producing 400,000 driers a year from next year, and manufacturing of cooker hobs is being added at the Bretten factory south of Frankfurt. Any further expansion of manufacturing will, however, be outside Germany.

Already, Bosch-Siemens has five factories in Spain – the legacy of two important Spanish acquisitions in 1988 and 1989 – one in Greece, and one in Slovenia making small appliances. A washing machine plant at Lodz, Poland, is due to start production at the beginning of next year.

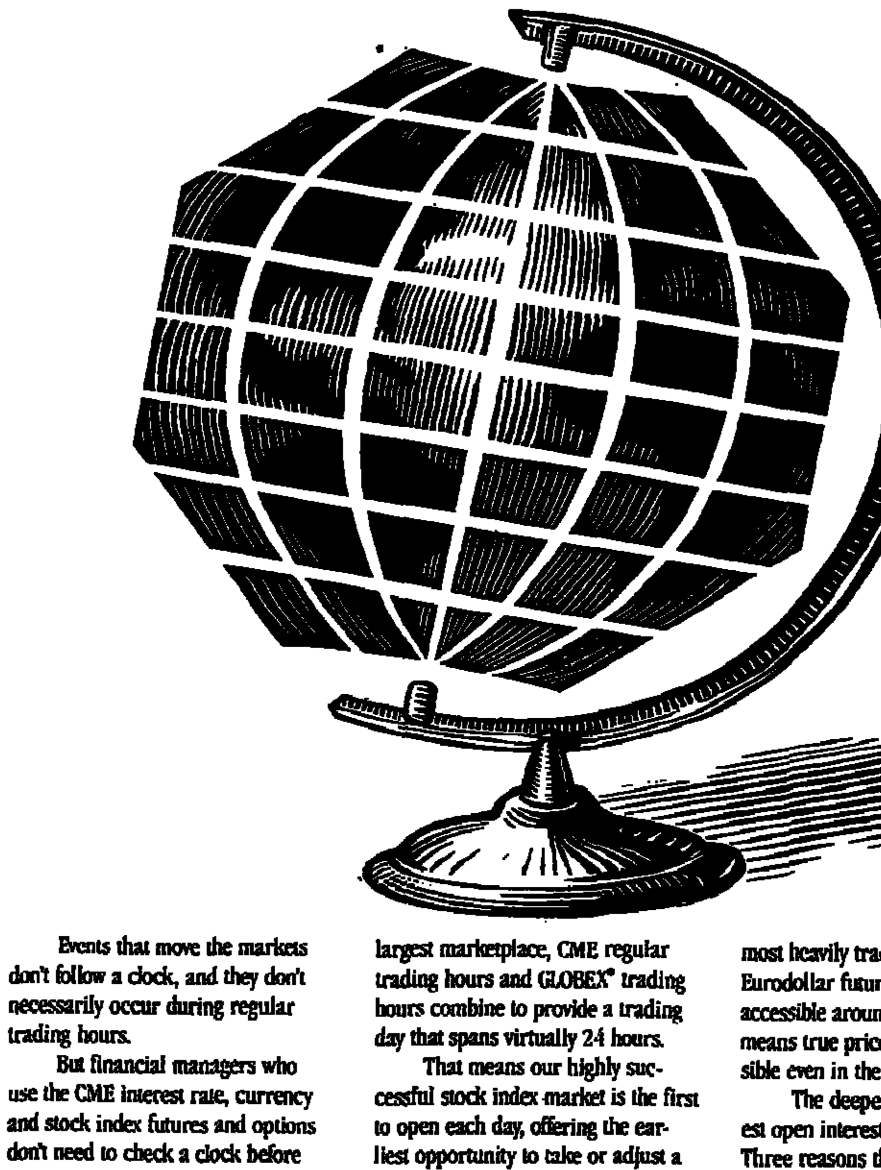
It is not hard to see why Bosch-Siemens is now looking beyond Germany. The strength of the D-Mark and the recession in many European countries means that, out of total sales of DM6.66bn last year, non-German turnover dipped to 42 per cent, compared with 50 per cent in 1989 and 1990.

In western Europe, Dr Wörner wants to raise Bosch-Siemens' share of the market from 15 per cent to between 18 and 19 per cent within five years. He says: "We can now better work on those markets in Europe where our market shares are relatively low."

In eastern Europe, he thinks Bosch-Siemens can raise its sales from DM150m this year to between DM500m and DM600m in five years, mainly in Russia, Poland, the Czech Republic and Hungary.

He is also keen to expand Bosch-Siemens' position in Asia, where current sales of DM70m-DM80m could be multiplied in the next few years. As a first step, the group has signed a letter of intent with a Chinese company to produce washing machines and, ultimately, other white goods there.

Meanwhile, Bosch-Siemens' Spanish companies are being used as a springboard to the Latin American market.



Columbia/HCA to buy Medical Care America

By Richard Waters
in New York

Columbia/HCA, the US healthcare group which operates the country's largest chain of hospitals, has announced the acquisition of Medical Care America in an all-stock transaction valued at $850m.

The deal marks the latest consolidation among US healthcare providers, prompted equally by cost pressures and the growing power of managed care organisations.

Medical Care America owns 96 surgery centres which between them have 504 operating rooms. Columbia/HCA, which was formed in a $6bn merger last year, already has 196 acute-care and specialty hospitals.

Columbia/HCA, under chief executive Mr Richard Scott, has been more active than other US healthcare providers in pursuing mergers. By providing a wide range of healthcare services, the company hopes to sign up large customers such as health maintenance organisations, which buy healthcare services in bulk for their individual members.

The two companies also said a merger would save money by enabling them to negotiate bigger discounts from suppliers and to cut overheads.

Around 60 per cent of Medical Care America's surgery centres are in areas also served by one of Columbia/HCA's hospitals. This overlap would help to reduce costs and make the combined service more attractive to customers, the two companies said.

The deal follows discussions between the companies about ways of strengthening an alliance that was already in place. Earlier this year, Medical Care America sold its Critical Care America home infusion unit, just 18 months after those two companies merged. That deal proved a failure as the home infusion business came under pricing pressures, slashing Medical Care's earnings per share from $1.87 in 1992 to $1.29 last year.

Medical Care America's shareholders will receive stock worth $29 for each of their existing shares, if Columbia/HCA's stock stays close to its current price.

The value of the deal would be subject to a sliding scale if Columbia's share price moved above $40 or below $36, with the maximum price for the acquisition set at $850m. At mid-day yesterday the shares were standing at $39, down ¾ on Monday's close.

The all-stock deal, which has been approved by both companies' boards, is subject to approval by Medical Care America's shareholders and regulatory clearance.

Bahamas hotel changes ownership for $65m

Carnival Corp (CCL) is to sell 81 per cent of its Crystal Palace hotel and casino complex in Nassau, Bahamas, to the Ruffin Hotel Group for $65m in cash and senior secured notes, AP-DJ reports.

Under the deal, Carnival will pay off $25m of existing Crystal Palace debt. This agreement supersedes a substantially similar earlier agreement made with a German group of investors.

A 19 per cent shareholding in Crystal Palace will be retained by Carnival, which will continue its existing business relationships with Crystal Palace.

The agreement is subject to the approval of various Bahamas governmental agencies. The transaction is expected to close soon.

Earnings forecast from Argus Newspapers

By Mark Suzman
in Johannesburg

Argus Newspapers, the South African press group in which Mr Tony O'Reilly's Independent Newspapers has bought a controlling shareholding, will today release a pre-listing statement showing unaudited group turnover of R706.7m ($193m) for the year to March and earnings of R29m.

Earnings have been adjusted to take account of discontinued operations, such as the Sunday Star, and the sale of a majority interest in The Sowetan, South Africa's biggest selling daily, to a consortium of black investors.

The company is forecasting turnover of R795m and earnings of R32.6m for the current year. In a calculation based on 45.1m shares in issue, audited pro forma earnings for the year to March were 64 cents a share. Net asset value was 384 cents a share.

Argus Holdings and JCI directors will retire from the Argus Newspapers board prior to the listing and Mr Liam Healy and Mr James Parkinson, managing director and financial director of Independent, will join the board.

Maytag plans flotation of Australian and NZ unit

By Nikki Tait in Sydney

Maytag, the US home appliance manufacturer, is to sell off its Australian and New Zealand-based white goods and floorcare appliance operations.

Maytag said it would prefer to float the division's shares on the stock market. Analysts expect the sale to raise between A$100m (US$78m) and A$150m.

The operations were formerly part of the Hoover group, which was taken over by Maytag in 1988. Hoover (Australia), based in Sydney, makes and distributes home appliances under brand names including Hoover and Admiral.

Mr Robert Dunkerley, managing director of Hoover (Australia), said the businesses had been run "largely independently" of the US parent. He expected to finalise agreements permitting the operations to continue marketing under their established brand names.

Maytag's decision to sell its Australasia operations through a flotation is the latest in a series of such moves by overseas parents – notably British companies – operating both in the manufacturing and financial services spheres.

Pilkington announced similar plans earlier this year, as did Pirelli, the Italian group, with its Australian cables business.

● North Broken Hill Peko has sold its 19.1 per cent stake in base metals group Pasminco for A$233.1m, or A$52.07m more than book value, Reuter reports from Melbourne. NBH said that the buyer was CRA and that it had now successfully completed a process of returning to managed core businesses.

Disposals lift ICI India result

By Stefan Wagstyl
in New Delhi

ICI India, the Indian subsidiary of the British chemicals group, has reported a 13-fold increase in annual pre-tax profits to Rs728m ($23m) for the year to March, due largely to a corporate restructuring which included the sale of its fertiliser business and a 49 per cent stake in its fibres operations.

Profits included Rs538m of exceptional gains from the disposals and from the sale of property in Bombay. The sales also helped the company reduce its interest charges.

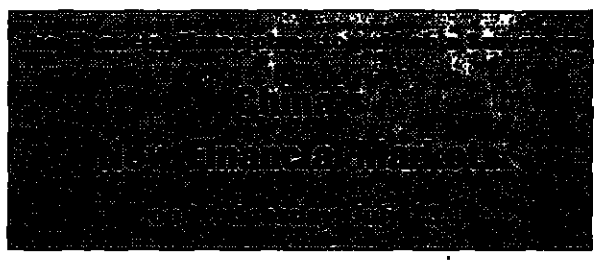
Overall revenues fell to Rs8.8bn from Rs9.7bn because of the disposals but continuing operations saw revenues rise by 11 per cent and operating profits by 27 per cent.

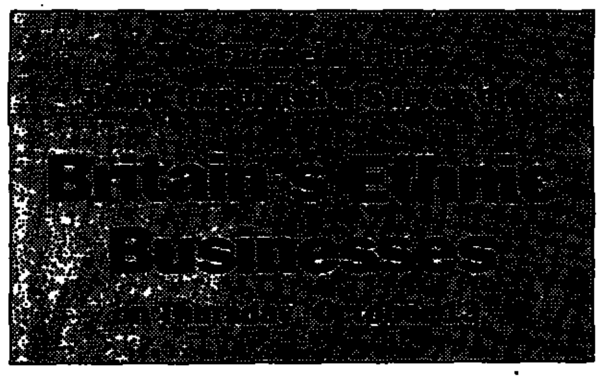
The company, which is 51 per cent owned by ICI, has been reorganised partly in response to the liberalisation of the Indian economy and partly because of the group restructuring in which pharmaceuticals were spun off into a new company called Zeneca.

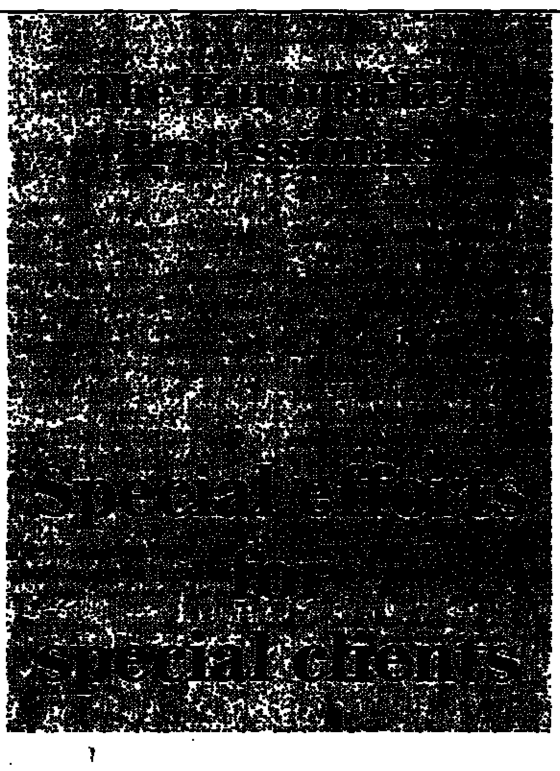
The fertilisers business was sold mainly because the group has also withdrawn from fertiliser manufacturing.

ICI India said that following the disposals it was committed to expanding its operations, including paints, catalysts, polyurethanes, agrochemicals and rubber chemicals.

The company is importing technology from other parts of the group, including new techniques of catalyst manufacture and of producing vehicle paint. It would also consider acquisitions.







Mack Trucks forecasts return to profit

By John Ridding in Paris

Mack Trucks, the US subsidiary of France's Renault Véhicules Industriels, should record a profit this year after five years of losses, Mr Elios Pascual, chairman, said yesterday.

According to Mr Pascual, productivity gains and restructuring measures, combined with the upturn in the US truck market, should mean a net profit of $20m-$25m this year. This compares with a loss of $36m in 1993, and a net deficit of $182m the previous year.

"In less than three years Mack has gone from monthly losses of about $20m to a profit of $3m-$4m in March and April, having returned to profit in February," said Mr Pascual.

He said the company was now able to contribute to the results of RVI, the truck and bus arm of the state-owned Renault group.

The recovery in results partly reflects an upturn in demand and prices in the US. Sales are expected to increase to about $2bn this year, compared with $1.7bn in 1993.

But Mr Pascual said the improvement mainly reflected the restructuring at the group, which he said would allow a sustained, rather than a cyclical, recovery.

"We now need to sell about 20,000 vehicles to break even, compared with 40,000 three years ago," he said. This was achieved through cost cutting, productivity gains, and the closure of some factories.

Purchasing costs have been reduced by between 1.5 per cent and 2 per cent a year, according to Mr Pascual, while productivity has increased by 41 per cent over the past three years.

He added that the cyclical nature of the US market meant it was necessary to continue improving productivity.

"The market can decline just as quickly as it has recovered," he said, forecasting a fall in the market from next year. But he pointed out that the company was aiming to reduce its break-even production point to 17,000 vehicles by the end of the year and to 15,000 at the end of 1995.

Despite the company's cost-cutting measures, however, Mr Pascual said the company had maintained its investment in new products and R&D.

"Between 1994 and 1997 we will invest $40m-$45m a year," he said. The group will also develop its commercial network in the western US and in Mexico.

Mack's productivity has increased 41 per cent in three years

Merck chief resigns to pursue other interests

Mr Martin Wygod has resigned as chairman of Merck's Medco Containment Services unit and as a member of the Merck board, Reuter reports from Whitehouse Station, New Jersey.

Merck, the US drug manufacturer, said Mr Wygod would serve as a consultant to it and Medco under a multi-year contract.

"Now that the integration of Medco and Merck has been substantially completed, I have decided to pursue other business and philanthropic interests," Mr Wygod said.

"I believe that Merck, as a result of its merger with Medco, now has a strong competitive advantage in the changing environment of pharmaceutical care."

Mr Roy Vagelos, chairman of Merck, said: "While we regret Marty's decision to move on, we understand his desire to pursue other interests. We are indebted to Marty for his role in bringing together Merck and Medco."

Mr Vagelos continued: "The integration of the businesses is essentially completed and a strong management team of Medco and Merck people is in place."

Microsoft in TV deal with Rogers

By Bernard Simon in Toronto

Rogers Cablesystems, Canada's biggest cable-TV operator, is to co-operate with Microsoft to install the US software group's new interactive television software, known as Tiger.

Tiger is one of several competing software systems being developed, which will deliver video-on-demand, shopping, education and other services to cable-TV subscribers.

Rogers has signed a letter of intent to license the Tiger system, and take part in early testing of Microsoft's operating system for interactive broadband cable networks. TCI, the biggest US cable-TV operator, has signed a similar deal with Microsoft.

Rogers said it was attracted to the Microsoft system by its open architecture and cost. Microsoft claims Tiger can deliver interactive programming for about a tenth of the cost of rival technologies.

The system is based on personal-computer technology rather than mainframes. Microsoft's rivals doubt whether PC-type hardware can provide the communications and processing power for a network of cable-TV subscribers.

Strong farm sector boosts Deere

By Laurie Morse in Chicago

Deere and Company, the Moline, Illinois-based manufacturer of farm and industrial equipment, said strength in the North American farm sector boosted second-quarter net income to $189.3m, or $2.20 a share.

In last year's second quarter the group recorded income of $101m, or $1.30 a share.

Deere's other equipment operations, which include ground care and lawn machines and construction equipment, also improved with the generally strengthening North American economy. Its worldwide sales for the quarter jumped 17 per cent, to $2.46bn, from $2.10bn a year ago.

Although analysts had expected strong second-quarter results for the company, Deere's share price rose after the results were released, trading $¾ higher at $73½ at midday in New York.

Mr Hans Becherer, chairman, said that in response to strong retail demand, Deere has increased its North American production schedules. "1994 worldwide production tonnage is now anticipated to be 16 per cent higher than 1993 output, up from our prior estimate of 13 per cent," he said.

However, the company warned that production in the second half would drop below first-half levels, reflecting normal holiday shutdowns and retooling for a new tractor line.

"North American retail sales activity during the first two quarters of 1994 provides a sound base for operations during the remainder of the year," Mr Becherer said.

"For 1994, the US Department of Agriculture has projected substantial increases in planted acreages of corn and soyabeans, and is forecasting that farm net cash income will be at one of the highest levels in history."

He said that while Europe's long-term downward trend in sales of agricultural equipment is likely to continue, Deere expects its 1994 European sales to be about equal to 1993.

● Ford Motor has named Mr John Devine vice-president and corporate controller from June 1, Reuter reports from Dearborn, Michigan. Mr Devine, 50, is chairman and chief executive officer of First Nationswide Bank, a Ford subsidiary being sold to First Madison Bank of Dallas.

Digital poised for recovery

Digital Equipment Corporation, the US computer maker hit by losses and lay-offs, is poised for a recovery on the back of the fast-growing Asia-Pacific market, Reuter reports from Singapore.

"The Asia-Pacific part of the world has a very distinct role to play in the company's path to recovery because it is the fastest-growing, and it's a place where we have very good operations," said Mr Bobby Choonavala, president of Digital Equipment Asia Pacific.

The losses were mainly due to the company's switch to new product lines during the past two years, he said.

The group has suffered losses of more than $3bn over the past three fiscal years.

Varity first-quarter income up at $29m

By Laurie Morse

Varity Corporation, which makes braking systems and diesel engines for cars and trucks, reported an increase in first-quarter net income to $29.4m, or 65 cents a share, on sales of $505.8m.

This compares with $11m, or 20 cents a share, on sales of $455.6m in last year's first quarter.

During the quarter to April 30, Varity agreed to sell its remaining Massey Ferguson farm equipment operations to Agco for $310m in cash and 500,000 shares of Agco stock.

The sale, expected to be completed during the current quarter, should bring an income gain of between $15m and $30m and increase Varity's stockholders' equity by about $100m, the company said.

Varity's first-quarter income, excluding Massey Ferguson's results, was $25m, or 55 cents, up from a comparable $15.1m, or 33 cents, a year ago.

Massey Ferguson's results, reported separately as discontinued operations, showed that the farm equipment business improved, with net income rising to $4m in the first quarter, against a net loss of $4m a year ago. Sales were $253m, up from $189m last year.

Varity's remaining businesses benefited from a 9 per cent increase in North American vehicle production. Its Kelsey-Hayes automotive products group generated $27m in operating income on sales of $355m, up from $25m on sales of $302m in last year's first quarter.

The Perkins Engine division saw operating income rise to $13m, from $8m a year ago, with sales advancing to $180m, from $158m in the first quarter of 1993.

"Varity is off to a good start this year," said Mr Victor Rice, Varity chairman. "With the recently announced sale of Massey Ferguson, we are now positioned to focus on generating even more value for our shareholders from our core businesses of supplying automotive braking systems and diesel engines to customers worldwide."

JVC records pre-tax loss for third consecutive year

By Michiyo Nakamoto in Tokyo

JVC, the Japanese maker of video cassette recorders and other audio-visual products, yesterday reported a consolidated pre-tax loss for the third consecutive year and passed its dividend.

The company cited the strong rise of the yen and weak demand in Japan as key factors behind a 6 per cent fall in sales to Y726.5bn ($6.9bn) from Y768.9bn a year ago and a pre-tax loss of Y26.8bn, against a loss of Y25.5bn last time. The net loss for the year to March 1994 was Y19.6bn, compared with Y43.1bn last time.

Sales of the company's mainline audio-visual products suffered from sluggish consumer spending in Japan while information equipment, such as cordless phones, also saw a 6 per cent decline.

In terms of regional performance, JVC suffered a fall in demand in Japan. But sales in Asia were strong and contributed to profits in spite of the foreign exchange losses the company incurred on the yen's appreciation.

JVC depends on export markets for 50 per cent of its overall sales.

For the parent company alone, JVC posted sales of Y507.7bn, down 1 per cent from Y513.2bn, and a pre-tax loss of Y19.5bn against a loss of Y26.1bn last time.

Efforts are being stepped up to restructure the company in a bid to return to profitability. Business divisions have been reorganised, staff has been consolidated and inventories have been reduced. New, advanced products such as the hi-definition VCR are expected to become core products and help boost profits.

JVC last week announced that its president, Mr Takuro Bojo, would resign to be replaced by an executive from Matsushita, the consumer electronics company which owns a 52 per cent stake in JVC.

The company does not see a strong recovery but expects to return to profitability in the current year, with consolidated sales rising to Y750bn.

On a parent company basis it sees sales rising to Y530bn and pre-tax profits of Y1bn for this year.

Strong yen depresses TDK sales

By Gerard Baker in Tokyo

TDK Corporation, the world's largest maker of magnetic tapes and a leading manufacturer of computer products, yesterday reported a slump in earnings for the year to March 31. Consolidated pre-tax profits fell by 47 per cent to Y17.8bn ($170m) as sales declined by 13 per cent to Y457.4bn.

The company attributed most of the collapse to the sharp rise in the yen, which it said had reduced sales by an estimated Y44.3bn. In response, TDK was continuing to pursue an aggressive policy of expanding production overseas, with particular emphasis on Asian operations, it said.

But weak demand in Japan also contributed to the decline. A depressed home market forced the company to cut prices, and the growth of imports of low-priced video tapes created an extremely difficult climate.

Among the few bright spots were a rise in orders from the telecommunications sector and an upturn in the production of audio-visual products in the second half of the year.

The parent company's pre-tax profit dropped 25 per cent to Y14.4bn on sales lower by some 9 per cent at Y334.6bn. Weak private sector capital spending and the strong yen pushed sales of electronic materials and components down by 6 per cent, while recording media sales dropped by 16 per cent.

Disaster costs hit Japan's leading non-life insurers

By Emiko Terazono in Tokyo

Japan's leading non-life insurance companies posted weaker profits for the year to last March due to increased disaster payouts and a decline in interest income.

Pre-tax profits fell for the leading three companies – Tokio Marine and Fire Insurance, Yasuda Fire and Marine Insurance and Mitsui Marine and Fire Insurance. However, Sumitomo Marine and Fire Insurance, and Nippon Fire and Marine Insurance posted increases due to profits from asset sales.

The five companies' total net premium income, the equivalent of sales at other companies, rose 5.5 per cent to Y3,540bn ($33.9bn).

Premiums from voluntary motor insurance rose sharply, but income from compulsory motor insurance premiums declined.

Disaster payouts rose due to the increased typhoons and heavy rains last year. Tokio paid out Y648.3bn in claims, up 4.9 per cent on a year earlier, while Yasuda's overall payment rose 4.6 per cent to Y457.5bn.

The insurers said the total balance of bad loans – loans to which borrowers have not paid interest over six months, and those extended to bankrupt companies – fell by 11 per cent from the previous year to Y50.5bn.

Yasuda had the highest level of problem loans at Y18.8bn, but 24 per cent lower than a year earlier, and the highest percentage of bad loans to outstanding total loans at 2.1 per cent.

Tokio reported a 33 per cent rise in its bad loan balance to Y15.0bn, the second biggest following Yasuda.

For the full year to next March, the companies, except Sumitomo, expect a rise in pre-tax profits.

Tokio predicts a 1.7 per cent rise in pre-tax profits to Y78bn, while Yasuda expects its pre-tax earnings to rise 3.2 per cent to Y34bn.

Japanese non-life insurers (Y bn)

Company	Premium income	Change (%)	Pre-tax profit	Change (%)
Tokio	1,190.0	4.8	76.7	-8.5
Yasuda	852.1	6.0	33.0	-11.0
Mitsui	583.1	6.3	23.2	-18.6
Sumitomo	501.9	7.1	30.6	4.1
Nippon	409.2	3.6	19.0	1.7

Source : Company reports

Low demand pushes Seiko into the red

By Our Financial Staff in London

Seiko, the Japanese watch and clock maker, plunged further into the red during the year to March 31, reporting a 12-month consolidated pre-tax loss of Y6.5bn ($62m) against a deficit of Y3.4bn a year earlier.

The company, which is a world-renowned brand, blamed weak demand for its core products and the costs of restructuring its overseas operations for the gloomy financial report.

Revenues of Y334.7bn were down on last year's Y378bn, and earnings per share slipped to a loss of Y59.61 against a loss of Y49.45 last time.

The final dividend is unchanged at Y5.

Seiko had warned during the year that the recession was having an adverse affect on sales in the domestic market, in the shape of consumer reluctance to buy new watches and lower levels of gift purchases by companies.

For the current financial year, Seiko is forecasting a pre-tax loss of Y5bn on sales of Y360bn.

Suzuki sales suffer at home and abroad

By Michiyo Nakamoto

Weak export markets, particularly in Europe, and low demand for motorcycles in Japan were behind a 10 per cent drop in pre-tax profits in the year to end-March to Y18.4bn ($176.24m) from Y20.5bn last time at Suzuki, the car and motorcycle manufacturer.

Suzuki, which specialises in smaller cars, reported a 4 per cent decline in sales to Y1,009bn from Y1,053bn. Net profits declined 12 per cent to Y7bn from Y8bn.

The yen's appreciation was a large factor behind the deterioration in overseas revenues which fell by Y12.5bn, Suzuki said.

Suzuki took an appraisal loss of Y2.3bn for its stake in Santana Motor, its ailing Spanish subsidiary which stopped production in March. The company is still in negotiations with the Spanish government over Santana's fate, Suzuki said.

Motorcycle sales were depressed particularly in Japan while demand in Latin America and China was firm.

In contrast, passenger car sales held up well in the domestic market while exports, particularly to Europe, were weak.

The company expects sales in the current year to remain flat at about Y1,000bn and pre-tax profits to fall to Y18bn amid continuing pressures from the high yen. It also foresees motorcycle and car sales declining further in unit terms and warns that its financial balance sheet is likely to deteriorate as a result of its need to refinance outstanding debt issues.

● **Hino Motors**, the Japanese truck and bus manufacturer, yesterday reported a sharp fall in parent company profits due to the continuing slump in the Japanese economy and the impact of the strong yen.

Sales in the year to the end of March fell 15 per cent to Y535.5bn from Y632.3bn while pre-tax profits declined 33 per cent to Y4bn from a previous Y6bn.

Domestic sales of trucks were particularly hard hit, falling 15 per cent, while exports were down 3 per cent largely due to the yen's rise.

Hino expects its performance in the current year to improve with pre-tax profits rising to Y4.5bn.

Malaysian group to raise M$722m

By Kieran Cooke in Kuala Lumpur

Berjaya, the diversified conglomerate which has rapidly grown into one of Malaysia's biggest companies, has announced rights issues aimed at raising M$722m (US$278.85m) to fund several new ventures.

The issue is being split between the Berjaya Group and its main listed unit, Berjaya Industrial. Berjaya Group, which controls a 58 per cent stake in Berjaya Industrial, aims to raise more than M$500m by issuing 254m new shares at M$2 each. Berjaya Industrial aims to raise M$214m by issuing 126m shares at M$1.70 each.

Berjaya said that new investments undertaken by the group had increased its funding requirements.

Berjaya is controlled by Mr Vincent Tan, a Chinese Malaysian closely connected with some of Malaysia's senior political figures.

Mr Tan, through Berjaya, has been aggressively expanding his business interests and is now involved in lottery management schemes in Malaysia and China, a timber project in the Solomon Islands and numerous resort developments around the eastern Asia region.

Berjaya, with North West Water of the UK, is undertaking one of Malaysia's biggest infrastructure projects – a M$6bn national sewerage scheme. Berjaya is also involved in several light industrial businesses.

One of the group's latest ventures is the Malaysian franchise for the US "Kenny Rogers Roasters" restaurant chain.

ALCATEL ALSTHOM
COMPAGNIE GÉNÉRALE D'ÉLECTRICITÉ
Corporation organized under French Law (Société Anonyme)
Capital : French Francs 5.738.387.400
Head Office : 54, rue la Boétie - 75008 PARIS
Registered Head Office : PARIS B 542 019 096

FIRST NOTICE

The holders of 6 1/2 % 1990-2000 Bonds of FRF 680 nominal value issued by ALCATEL ALSTHOM COMPAGNIE GÉNÉRALE D'ÉLECTRICITÉ are convened to a General Meeting to be held at 50 rue Taitbout - 75009 PARIS (France) on June 10, 1994 at 2.30 p.m., in order to consider the following agenda :

- **Board of Directors Report.**
- Approval of the decisions proposed to the Mixed Meeting (Ordinary and Extraordinary) of shareholders, authorizing the board :
    - to issue, with waiver of their preferential right :
    - share warrants,
    - convertible bonds,
    - securities which allow, through conversion, exchange, repayment, presentation of a warrant or through any other way, to receive shares of the company,
    - to provide members of the company or members of the group affiliates, options to subscribe or purchase shares, without any preferential subscription right,
  - to use, in case of public offering to purchase or exchange shares, the authorizations given to it in order to raise the capital.
- Decision on the method of recording the documents of the General Meeting.

In order to permit the bondholders to attend, or to be represented at this meeting, the Bonds or their deposit receipts must be deposited at least five days before the date fixed for the meeting, with one of the banks having participated in the placement of these Bonds and from whom proxies or admission cards can be requested. *This meeting shall be validly held if the holders of at least twenty five per cent of the outstanding bonds entitled to vote are present or represented.*

THE BOARD OF DIRECTORS

Atlas Copco

Atlas Copco AB
Nacka, Sweden

5:1 SPLIT

The Annual General Meeting of Atlas Copco AB resolved on April 27, 1994, to change the nominal value of the company's shares from SEK 25 to SEK 5, by means of a 5:1 split.

The following dates are applicable in connection with this change:

June 3, 1994	Last day for trading Atlas Copco shares on the Stockholm Stock Exchange with a nominal value of SEK 25
June 6, 1994	First day for trading Atlas Copco shares on the Stockholm Stock Exchange with a nominal value of SEK 5.
June 10, 1994	Distribution of VP-statements of account by the Swedish Securities Register Centre.

It is proposed that the same dates for trading Atlas Copco shares on the London Stock Exchange will apply.

Nacka, Sweden, May, 1994
Atlas Copco AB

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intrum justitia

(Registered in Curaçao No. 41415)

Notice to Shareholders

Shareholders of Intrum Justitia NV a corporation organised and existing under the laws of The Netherlands Antilles, with registered offices at Chumaceirokade 3, Willemstad, Curaçao, The Netherlands Antilles, are hereby informed that in the Annual General Meeting of May 24, 1994 it has been resolved to determine the payment of the final dividend of 2.2 pence per share, payable on June 3, 1994 at the following addresses:

Paying Agents

Kredietbank SA Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg
Luxembourg

Hambros Bank Limited
41 Tower Hill
London EC3N 4HA
United Kingdom

Bearer shareholders are asked to submit Coupon nr. 12 to the Paying Agents for collection of the dividend.

May 25, 1994.

CRÉDIT NATIONAL

US$ 250,000,000 Floating Rate Notes due 1997

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from May 24, 1994 to August 24, 1994 the Notes will carry an Interest Rate of 4.5625 % per annum.

The Interest Amount payable on the relevant Interest Payment Date, August 24, 1994, will be US$ 11.66 per US$ 1,000 principal amount of Note, US$ 116.60 per US$ 10,000 principal amount of Note and US$ 1,165.97 per US$ 100,000 principal amount of Note.

The Agent Bank
Kredietbank Luxembourg

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 25.05.94 Pool purchase price £/MWh	Final Prices for Trading on 27.04.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	12.30	11.05	11.05
0100	12.30	10.95	10.95
0130	14.86	11.20	11.20
0200	14.86	11.18	11.18
0230	14.86	11.73	14.09
0300	14.86	11.73	14.09
0330	12.30	11.20	11.20
0400	12.30	11.17	11.17
0430	12.30	11.08	11.08
0500	12.30	11.08	11.08
0530	11.00	11.15	11.15
0600	11.73	11.16	11.16
0630	10.75	11.20	11.20
0700	21.16	20.17	22.53
0730	22.88	22.88	25.24
0800	24.57	41.34	43.70
0830	31.94	24.93	27.30
0900	32.01	41.36	43.73
0930	32.05	41.35	43.72
1000	32.06	41.35	43.72
1030	30.07	24.94	27.31
1100	30.09	24.12	26.49
1130	43.40	24.94	27.32
1200	43.42	24.95	27.32
1230	43.35	24.93	27.31
1300	31.97	24.92	27.29
1330	24.57	23.57	25.93
1400	24.45	23.57	25.93
1430	24.44	22.88	25.24
1500	24.44	22.88	25.24
1530	24.44	22.88	25.24
1600	24.45	22.88	25.25
1630	36.57	23.58	25.95
1700	47.06	32.79	35.15
1730	47.06	32.78	35.15
1800	36.54	31.64	34.00
1830	25.26	22.87	25.23
1900	25.26	22.33	24.69
1930	25.26	20.65	23.00
2000	25.26	20.65	23.00
2030	25.26	17.03	17.03
2100	22.72	30.15	32.51
2130	30.54	30.15	32.51
2200	47.00	30.15	32.51
2230	47.00	28.53	30.89
2300	30.54	20.17	22.53
2330	22.72	12.70	12.70
2400	21.75	11.15	11.15

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible] becomes [illegible]. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8:30am and 5:00pm Monday to Friday.
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CREGEM Finance N.V.
(having its corporate seat in Amsterdam, The Netherlands)
U.S. $100,000,000
Floating Rate Notes due 2003

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the six month period ending 25th November, 1994 has been fixed at 5.125% per annum. The interest accruing for such six month period will be U.S. $26.34 per U.S. $1,000 Bearer Note, and U.S. $263.37 per U.S. $10,000 Bearer Note and U.S. $2,633.68 per U.S. $100,000 Bearer Note on 25th November, 1994 against presentation of Coupon No. 3.

Union Bank of Switzerland
London Branch Agent Bank
20th May, 1994

FORD MOTOR CREDIT COMPANY
U.S. $400,000,000
Floating Rate Notes Due August 1998

In accordance with the terms and conditions of the Notes, the interest rate for the period 26th May, 1994 to 26th August, 1994 has been fixed at 4.875% per annum. The interest payable on 26th August, 1994 will be U.S. $12.458333 per U.S. $1,000 nominal.

Agent Bank and
Principal Paying Agent
ROYAL BANK OF CANADA

LEGAL NOTICES

THE INSOLVENCY ACT 1986
THE SECOND HGSC INDEX INVESTMENT TRUST PLC
(IN MEMBERS' VOLUNTARY LIQUIDATION)

We, Margaret Elizabeth Mills and David John Fallen of Ernst & Young, Beckett House, 1 Lambeth Palace Road, London SE1 7EU hereby give notice that on 19 May 1994 we were appointed joint liquidators of the above named company.

NOTICE IS HEREBY GIVEN that the creditors of the above company are required, on or before 1 July 1994 to send in their full names and addresses and full particulars of their debts or claims to me and, if so required by notice in writing from me, are, personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 19 May 1994
M E Mills
JOINT LIQUIDATOR

N.B. All known creditors have been or will be paid in full, but if any persons consider they have claims against the company they should send in full details forthwith.

In the matter of Mirac Enterprises Limited
and
In the matter of the
Cyprus Companies Law Cap 113

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 24th day of June 1994 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L Mavrocordatos, ACA, of Jolla House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 25th day of May 1994
C L Mavrocordatos
Liquidator

No. 002279 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF OLIVES PROPERTY PLC
AND IN THE MATTER
OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 11 May 1994 confirming the cancellation of the Capital Redemption Reserve and reduction of the Share Premium Account of the above-named Company in accordance with the above-mentioned Act was registered by the Registrar of Companies on 13th May 1994.

D J FREEMAN,
43 FETTER LANE,
LONDON EC4A 1NA
SOLICITORS FOR THE COMPANY

No. 002418 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
JOHN MOWLEM & COMPANY PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 18th May 1994 confirming the reduction of the Share Premium Account of the above named Company by £62,500,000 was registered by the Registrar of Companies on 20th May 1994.

Slaughter and May, (RLB)
35, Basinghall Street,
London, EC2V 5DB
Solicitors for the above named Company

THE KINGDOM OF DENMARK
£500,000,000
Floating Rate Notes Due 1998

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 24th May, 1994 to 24th August, 1994 the rate of interest on the Notes will be 5.0625% per annum. The interest payable on the relevant interest payment date 24th August, 1994 will be £127.60 per £10,000 Note and £1,276.03 per £100,000 Note.

Fiscal and
Principal Paying Agent
ROYAL BANK OF CANADA

Citicorp Banking Corporation
U.S. $250,000,000
Guaranteed Floating Rate Subordinated Capital Notes
Due July 10, 1997
Unconditionally Guaranteed on a Subordinated Basis by
CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 5.25% and that the interest payable on the relevant Interest Payment Date, June 27, 1994 against Coupon No. 39 in respect of US$10,000 nominal of the Notes will be US$48.13.

May 25, 1994, London
By: Citibank, N.A. (Issuer Services), Agent Bank **CITIBANK**

PERSONAL

LEEDS PERMANENT BUILDING SOCIETY
£250,000,000
Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, the interest rate for the period 24th May, 1994 to 24th August, 1994 has been fixed at 5.2875% per annum. The interest payable on 24th August, 1994 against Coupon 18 will be £133.27 per £10,000 nominal and £1,332.74 per £100,000 nominal.

Agent Bank and
Principal Paying Agent
ROYAL BANK OF CANADA

First Union Corporation
U.S. $150,000,000
Floating Rate Notes due 1996

The rate of interest per annum on First Union Corporation's U.S. $150,000,000 Floating Rate Notes due 1996 for the interest period beginning 24th May, 1994, and ending 24th August, 1994, the next interest payment date, will be 4¾%. The amount of interest payable for such interest period on each U.S. $10,000 principal amount of the Notes will be U.S. $119.79.

Bankers Trust Company, London Agent Bank

Kingdom of Denmark

USD 250,000,000
Floating Rate Notes due May, 1995

In accordance with the Description of the Notes, notice is hereby given that for the Interest Period from May 24, 1994 to November 25, 1994 the Notes will carry an Interest Rate of 10% per annum.

The interest payable on the relevant Interest Payment Date, November 25, 1994 against coupon No. 19 will be USD 513.89 for each USD 10,000 Note.

The Agent Bank
Kredietbank Luxembourg

Bunds fall again as hopes fade of further cuts in rates

By Graham Bowley and Conner Middelmann in London and Frank McGurty in New York

German government bonds suffered further declines yesterday after figures showed continued rapid growth in the money supply. The June bund future fell 0.30 per cent to 94.38.

The money supply numbers fuelled fears that further cuts in official interest rates are unlikely, although a small *reduction in the minimum repo* rate at the Bundesbank's open-market operation today is expected.

"Today has been a continuation of the sell-off that started on Friday for the overall market and of the shift in the yield curve that started on Thursday afternoon," after comments by Bundesbank president Hans Tietmeyer, said Mr Karl Haeling, head of the futures and options group at Deutsche Bank in Frankfurt.

Mr Tietmeyer's comments were taken to mean that there would be no more official German interest rate cuts in the near future.

"Tietmeyer's comments have triggered a big change in sentiment and investors have sold the short end and bought long because they are expecting a slowing down in the easing *process," Mr Haeling said.*

Analysts said that there was also some concern about rising commodity prices although the rises were to some extent a bounce-back from very low levels.

German M3 money supply grew at an annualised rate of 15.8 per cent in April, up from the 15.4 per cent rise seen in March and still well above the Bundesbank's 4 to 6 per cent target range.

The bund market took some cheer from the announcement that today's allocation of securities repurchase agreements, or "repos", by the Bundesbank will be at variable rather than fixed rates. A survey of German money market traders by MMS International forecast a three basis point drop in the lowest accepted repo rate to *5.20 per cent from last week's 5.23 per cent.*

■ UK government bonds also fell back ahead of today's convertible gilt auction as the market tracked developments in bunds.

Today's auction of the new 7.0 per cent 1997 gilt, convertible into 9.0 per cent 2012 bonds, has not attracted a great deal of interest so far, analysts said, mainly because of the difficulty of pricing the first convertible gilt to be issued since 1987.

Analysts said that it was valued at around 100 27/32 in "when issued" trading yesterday. A bid-to-cover ratio of about two is expected.

GOVERNMENT BONDS

In late trading, the UK long gilt future was down almost 31/32 points at 104 7/16.

■ French bonds caught up with Monday's losses in the German market, causing the notional government bond future to fall 1.12 points from Friday to 120.46.

As expected, the French central bank left its key intervention rate unchanged at 5.40 per cent and traders are watching the German repo allocation for further clues on the direction of interest rates.

However, most were betting on only a modest drop in the repo rate, offering France little scope for further easing.

■ Japanese government bond futures rose, supported by the successful auction of the new 3.9 per cent 10-year bonds.

The bid-to-cover ratio of 2.32 reflected healthy demand, especially from retail investors attracted by the issue price below par, a trader said. The average issue price was 99.44.

The September JGB futures contract rose 0.27 points to 112.80 in Tokyo and climbed to 112.91 in London.

■ US Treasury bonds rallied yesterday morning on hopes that an afternoon auction of new two-year notes would attract reasonable demand.

By midday, the benchmark 30-year government bond was 11/32 higher at 86¾, with the yield slipping to 7.352 per cent. At the short end, the two-year note was 1/16 better at 99 15/16, to yield 5.862 per cent.

Although the trading week had begun with a big sell-off, the market found room for optimism. The solid increase in *yields the previous* day was seen as sufficient to interest buyers in the Treasury's $17bn two-year issue later in the day.

The last auction had been a disappointment and fears of a repeat performance sent a shiver through the market on Monday. Yesterday, the outlook was more positive.

But Monday's sharp jump in commodity prices was even more responsible for the sell-off. Yesterday the Commodity Research Bureau index softened, largely because the outlook for grain harvests seemed cloudy, bringing a measure of relief to Treasuries.

Concerns over the dollar also eased as news that Washington and Tokyo would resume framework talks on trade helped the battered US currency gain ground against the yen. Foreign exchange dealers were *sceptical about the pros*pects of the dollar making significant headway, however.

After the two-year auction, traders would still face the sale of $11bn in five-year notes this afternoon. The reception afforded the initial influx of new supply was likely to set the tone for the second round.

Thai group calls off convertible

By William Barnes in Bangkok

Bangkok Land, the property company controlled by the Hongkong-Thai Kanjanapas family, has abandoned plans to issue US$600m of euroconvertible debentures.

The money was originally to be used to fund the construction of a $1.2bn elevated urban railway, one of three mass transit schemes in the Thai capital.

Bangkok Land president, Mr Anant Kanjanapas, explained that international demand for euroconvertibles had softened considerably since the rise in US interest rates.

Local bankers have been warning for weeks that the market was becoming saturated with Thai euroconvertibles.

Institutions on the sidelines

By Peter John in London and Louise Lucas in Hong Kong

Two large sterling issues helped the eurobond market creak back into action after the widespread public holiday closures on Monday. But syndicate managers found scant cheer, noting that the big institutional players remained on the sidelines.

Royal Bank of Scotland's £150m offering of 21-year paper soaked up what institutional demand there was in the market. The bonds were priced to yield 125 basis points above the 9 per cent gilt due 2012, the most liquid equivalent bond.

The issue was aimed at UK groups with long-term investment needs and represented Royal Bank's first foray into the eurosterling sector since the middle of last year.

Lead manager UBS said a "good proportion" of the bonds had been placed but they would remain in syndicate overnight due to volatility in the gilt market.

The other big sterling deal was carried out by DSL Finance which issued £100m of five-year debt priced to yield 34 basis points above the relevant gilt. Traders said the pricing was too aggressive. They noted that the spread on the recent Crédit Local offering had widened to 40 basis points over gilts from a launch spread of 37 basis points.

INTERNATIONAL BONDS

Later in the afternoon DSL Bank issued $300m of five-year paper priced to yield 22 basis points above the equivalent US Treasury.

KfW, Germany's state-owned export financing and development aid bank, tapped the dragon bond market for the first time when it raised $300m through an offering of five-year bonds.

Joint bookrunners Lehman Brothers and Deutsche Bank said the bonds, which carry a coupon of 7 per cent, were well received throughout the Asia Pacific region and added that a number of European names also took up tranches.

However, some London dealers said that, although it was one of the best-priced deals of the day, the yield spread still widened when it began to trade. The spread on issue was 24 basis points over five-year Treasuries but widened later to 27 basis points.

KfW's closeness to German government debt enhanced the appeal of its bonds to Asian investors: to date the embryonic dragon bond market has largely been the preserve of non-corporates.

Attractive arbitrage opportunities encouraged Kredietbank, the big Belgian commercial bank, to launch a C$100m issue of five-year eurobonds. The borrower is believed to have swapped the proceeds into floating-rate dollars, achieving a sub-Libor cost of funding. Lead manager ABN Amro said the bonds were targeted at Belgian retail investors who want to roll over their Canadian dollar investments which are due to mature in the next month.

Elsewhere, Eurofima's SKr800m launch of five-year bonds offered investors current-coupon paper in a sector which has seen yields widen by around 250 basis points in recent months.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
KFW Intl. Finance(a)	300	7.0	99.59R	Jun.1999	0.25R	+24 (W.I.5Y)	Deut.Bk.Asia/Lehman Asia
DSL Bank	300	7.0	99.71R	Jun.1999	0.25R	+22 (W.I.5Y)	Nomura International
YEN							
Landwirtschaftliche Rbk.(b)	20bn	3.3	100.00R	Sep.1996	0.225R	-	Nomura International
Treasury Corp of Victoria	10.4bn	2.55	100.00R	Mar.1996	0.125R	-	IBJ International
Uny Co.(b)	10bn	3.7	100.00R	Sep.1998	undisd.	-	Tokai Bank Europe
Barclays Overseas Cap.(b)	10bn	3.8	100.475R	Sep.1999	0.275R	-	Merrill Lynch Intl.
STERLING							
Royal Bank of Scotland	150	9.625	99.97R	Jun.2015	0.625R	+125 (9%-12)	UBS
DSL Finance NV(c)	100	8.00	99.35R	Aug.1999	0.25R	+34 (6%-99)	S.G. Warburg
THFC(e)	31.5	8.625	88.8788	Nov.2023	0.625	+170(8¾%-17)	Samuel Montagu
CANADIAN DOLLARS							
Kredietbank Intl. Finance(b)	100	8.25	99.225R	Dec.1999	0.30R	+30 (5¼%-99)	ABN Amro Bank
Exportsfinans	100	8.50	99.70R	Jul.2000	0.275R	+34 (d)	Paribas Capital Mkts.
AUSTRALIAN DOLLARS							
Toyota Finance Australia	100	7.625	101.125	Jul.1997	1.50	-	Merrill Lynch Intl.
SWEDISH KRONA							
Eurofima	800	8.75	99.72R	Jul.1999	0.25R	+50 (11%-99)	IBJ International

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★Private placement. §Convertible. ɸWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Dragon Bond. b) Short first coupon. c) Long first coupon. d) Over interpolated yield. e) + 31 days accrued interest. Fungible with £140m deal launched 15.9.93.

Increase in Portuguese equity fund

By Peter Wise in Lisbon

A second tranche of the Portuguese Smaller Companies Fund for institutional investors is to be launched on June 7.

Bear Sterns is lead manager. The Portuguese arm of Deutsche Bank and Lisbon brokers Midas Investimento will assist in the $50m placement.

A first $25m tranche of the five-year, closed-end equity fund, which is traded on the Luxembourg stock exchange, was placed in December. Mr João Rendeiro, chairman of Gerigeste, the fund's managers, said it had so far gained 15 per cent, compared with 4 per cent for the Portuguese equity market as a whole.

The fund is focused on non-financial companies. The placing will make it the second biggest Portuguese equity fund after the broader-based Capital Portugal Fund.

● Nomura Investment Banking (Middle East), Muslim Commercial Bank of Pakistan and KPMG Peat Marwick plan to launch a venture capital fund in Pakistan, Reuter reports from Karachi.

Brazilian utility stake to be sold

A Brazilian state government is to sell most of its 23.2 per cent stake in Espirito Santo Centrais Eletricas (Escelsa), the electricity utility, in a stock market auction expected to raise around $100m, AP-DJ reports from Rio de Janeiro.

Later this year, Brazil's federal government is expected to sell most of the 72.3 per cent of Escelsa's capital owned by the federal electric holding company, Eletrobras. Foreign investors will be allowed to participate in the sale.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	105.1000	-0.720	8.68	8.69	8.11
Belgium		7.250	04/04	97.8000	-1.140	7.60	7.49	7.53
Canada *		6.500	06/04	87.2000	-0.800	8.42	8.42	7.99
Denmark		7.000	12/04	95.9700	-1.850	7.56	7.32	7.36
France	BTAN	8.000	05/98	105.8750	-0.750	6.27	6.11	6.31
	OAT	5.500	04/04	90.0900	-0.870	6.91	6.82	6.85
Germany		6.750	05/04	100.1600	-1.300	6.73	6.59	6.58
Italy		8.500	01/04	95.0700	-0.200	9.29†	9.05	8.97
Japan	No 119	4.800	06/99	107.3160	+0.560	3.13	3.21	3.48
	No 157	*4.500*	*06/03*	*105.0740*	-	*3.75*	*3.83*	*4.00*
Netherlands		6.750	01/04	92.4000	-1.500	6.85	6.59	6.72
Spain		10.500	10/03	105.8000	-0.700	9.52	9.53	9.29
UK Gilts		6.000	08/99	93-03	-13/32	7.83	7.58	7.54
		6.750	11/04	90-20	-28/32	8.10	7.99	7.76
		9.000	10/08	106-26	-36/32	8.18	8.12	7.91
US Treasury *		5.875	02/04	91-13	+7/32	7.11	7.24	6.88
		6.250	08/23	86-27	+15/32	7.35	7.44	7.16
ECU (French Govt)		6.000	04/04	90.6900	-1.280	7.35	7.18	7.32

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. *Source: MMS International*

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	3.91	Two year	5.88
Prime rate	7¼	Two month	4.19	Three year	6.27
Broker loan rate	5½	Three month	4.51	Five year	6.69
Fed.funds	4¼	Six month	4.80	10-year	7.13
Fed.funds at intervention	4¼	One year	5.22	30-year	7.37

BOND FUTURES AND OPTIONS

France

■ *NOTIONAL FRENCH BOND FUTURES* (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	120.50	120.46	-1.12	120.76	120.14	209,523	111,808
Sep	119.54	119.52	-1.12	119.80	119.28	17,935	22,550
Dec	118.62	118.64	-1.08	118.92	118.46	41	7,436

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
119	-	2.18	-	0.08	1.69	-
120	0.66	1.52	-	0.28	2.12	-
121	0.15	1.10	-	0.81	2.60	-
122	0.04	0.71	-	1.64	-	-
123	0.02	0.48	0.60	2.60	-	-

Est. vol. total, Calls 16,783 Puts 61,828 . Previous day's open int., Calls 508,268 Puts 362,101.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.51	94.24	-0.44	94.88	94.24	191149	147832
Sep	94.00	93.75	-0.46	94.34	93.75	11282	27144
Dec	93.70	93.45	-0.25	93.70	93.50	192	0

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jul	CALLS Aug	CALLS Sep	CALLS Dec	PUTS Jul	PUTS Aug	PUTS Sep	PUTS Dec
9350	1.05	1.32	1.57	1.96	0.80	1.07	1.32	2.01
9400	0.79	1.06	1.31	1.73	1.04	1.31	1.56	2.28
9450	0.55	0.84	1.08	1.51	1.30	1.59	1.83	2.56

Est. vol. total, Calls 32484 Puts 24924. Previous day's open int., Calls 98158 Puts 94083

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.55	99.38	-0.22	99.55	99.51	321	1459

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	111.45	111.37	-0.15	111.84	111.17	53547	62021
Sep	110.65	110.66	-0.09	111.00	110.50	2393	11368
Dec	-	110.66	-0.09	-	-	0	0

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
11050	*2.23*	*3.22*	*2.07*	*3.06*
11100	1.98	2.98	2.32	3.32
11150	1.75	2.76	2.59	3.60

Est. vol. total, Calls 2720 Puts 1294. Previous day's open int., Calls 7102 Puts 6016

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	96.68	96.52	-0.24	96.95	96.45	58,818	117,171
Sep	96.24	95.99	-0.10	96.24	96.00	402	10,063

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	105-14	104-14	-1-01	105-14	104-10	83215	112156
Sep	104-11	103-12	-1-02	104-11	103-10	3127	4697
Dec	-	102-12	-	-	-	0	0

■ *LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%*

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
103	2-31	3-14	2-07	3-54
104	1-63	2-50	2-39	4-26
105	1-36	2-26	3-12	5-01

Est. vol. total, Calls 3766 Puts 901. Previous day's open int., Calls 17084 Puts 9846

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	87.66	87.58	-1.02	87.80	87.46	2,471	10,376

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	103-24	104-05	+0-17	104-06	103-19	357,849	380,931
Sep	102-27	103-01	+0-10	103-04	102-22	32,353	93,654
Dec	102-04	102-13	+0-10	102-15	102-03	239	34,858

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	113.48	-	-	113.64	113.48	389	0
Sep	112.80	-	-	112.92	112.74	2260	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue May 24	Day's change %	Mon May 23	Accrued interest	xd adj. ytd		Low coupon yield May 24	Low coupon yield May 23	Low coupon yield Yr. ago	Medium coupon yield May 24	Medium coupon yield May 23	Medium coupon yield Yr. ago	High coupon yield May 24	High coupon yield May 23	High coupon yield Yr. ago
1 Up to 5 years (23)	123.32	-0.29	123.68	2.06	4.34	5 yrs	7.70	7.57	7.15	7.92	7.78	7.38	7.99	7.86	7.60
2 5-15 years (24)	143.94	-0.88	145.19	2.07	5.32	15 yrs	8.09	7.95	8.07	8.19	8.05	8.49	8.51	8.37	8.73
3 Over 15 years (9)	162.68	-1.31	164.84	2.96	4.06	20 yrs	8.07	7.95	8.29	8.19	8.05	8.59	8.34	8.21	8.78
4 Irredeemables (6)	185.09	-1.45	187.82	0.93	6.12	Irred.†	8.11	7.99	8.63						
5 All stocks (62)	141.35	-0.77	142.45	2.22	4.82										

Index-linked							Inflation 5% May 24	Inflation 5% May 23	Inflation 5% Yr. ago	Inflation 10% May 24	Inflation 10% May 23	Inflation 10% Yr. ago
6 Up to 5 years (2)	185.61	-0.13	185.86	0.72	2.53	Up to 5 yrs	3.62	3.56	3.03	2.60	2.54	2.26
7 Over 5 years (11)	176.86	-0.35	177.49	1.14	1.69	Over 5 yrs	3.66	3.63	3.58	3.46	3.44	3.39
8 All stocks (13)	176.88	-0.33	177.47	1.09	1.77							

Debentures and Loans						5 year yield May 24	5 year yield May 23	5 year yield Yr. ago	15 year yield May 24	15 year yield May 23	15 year yield Yr. ago	25 year yield May 24	25 year yield May 23	25 year yield Yr. ago
9 Debs & Loans (76)	131.68	-1.21	133.29	1.93	4.92	9.33	9.16	9.00	9.23	9.08	9.47	9.17	9.03	9.61

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	May 24	May 23	May 20	May 19	May 18	Yr ago	High*	Low*
Govt. Secs. (UK)	94.70	95.54	95.92	95.94	95.24	94.84	107.04	93.20
Fixed interest	113.58	114.50	114.73	114.29	113.23	111.33	133.87	110.92

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	May 23	May 20	May 19	May 18	May 17
Gilt Edged bargains	80.2	97.7	111.4	109.0	95.4
5-day average	98.7	100.7	98.9	92.0	88.3

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts* (Lives up to Five Years)						
Treas. 10pc Ln. 1994‡‡	10.00	-	100xd	—	102 3/16	100
Exch 12½pc 1994	12.27	4.90	101⅞	-1/16	104 13/32	101⅞
Treas 9pc 1994‡‡	8.84	5.06	101 27/32	-1/16	103 13/32	101 25/32
12pc 1995	11.48	5.16	104 17/32	-1/16	107 3/16	104 17/32
Exch 3pc Gas 90-95	3.05	5.01	98¼	—	98¼	97¾
10¼pc 1995	9.75	5.86	105⅛	—	107 13/16	105
Treas 12¾pc 1995‡‡	11.84	5.94	109½	-1/16	113⅝	109 5/16
14pc 1996	12.48	6.18	112⅛	-1/16	117 3/16	112
15¼pc 1996‡‡	13.17	6.48	115 25/32	-⅛	121 3/16	115 5/16
Exch 13¼pc 1996‡‡	11.79	6.47	112 13/32	-⅛	117 13/16	112 5/16
Conversion 10pc 1996	9.35	6.89	106 31/32	-⅛	112 1/16	106 3/16
Treas 13¼pc 1997‡‡	11.54	7.09	114 25/32	-3/16	121 11/16	114 5/16
Exch 10½pc 1997	9.70	7.12	108¼	-⅛	114 1/16	107 7/16
Treas 8¾pc 1997‡‡	8.41	7.29	104 1/16	-3/16	110 3/16	103 13/16
Exch 15pc 1997	12.25	7.43	122 15/32	-3/16	131 3/32	121 17/32
9¾pc 1998	9.13	7.59	109¼	-3/16	114 23/32	105 23/32
Treas 7¼pc 1998‡‡	7.31	7.51	99⅛	-3/16	106 1/16	98
Treas 6¾pc 1995-98‡‡	6.93	7.51	97 5/16	-3/16	102	96¾
14pc '96-1	11.57	7.75	121	-⅛	131 3/16	119⅝
Treas 15½pc '98‡‡	12.06	7.63	128 17/32	-3/16	140 3/16	127 3/16
Exch 12pc 1998	10.38	7.78	115⅝	-3/16	125 11/32	114 5/16
Treas 9½pc 1999‡‡	8.90	7.75	106 23/32	-½	118 3/16	105 5/16
Five to Fifteen Years						
Exch 12¼pc 1999	10.46	7.91	117 3/16	-3/16	128 3/16	115 29/32
Treas 10½pc 1999	9.50	7.86	110⅝	-11/32	121 3/16	109¼
Treas 6pc 1999 ‡‡	6.45	7.63	93 3/16	-11/32	101 13/16	91 13/16
Conversion 10¼pc 1999	9.32	7.95	109 31/32	-3/16	121 13/16	108 3/16
Treas Flg Rate '99	-	-	100 3/16xd	+1/32	100 3/16	1[illegible]
9pc 2000‡‡	8.58	7.92	104 29/32	-11/32	116 3/16	103½
Treas 13pc 2000	10.60	8.21	122 21/32	-11/32	136 23/32	121 11/16
10pc 2001	9.15	8.17	109¼	-11/32	122 3/16	107 23/32
7pc '01 ‡‡	7.41	7.99	94 13/32	-11/32	106 3/16	92 23/32
7pc '01 A	7.43	8.02	94¼	-11/32	101 7/16	92 13/16
9¾pc 2002	8.98	8.27	108 19/32	-11/32	123 3/16	107¼
8pc 2003‡‡	8.09	8.17	98 29/32xd	-11/32	113 23/32	97 3/16
10pc 2003	9.02	8.28	110 29/32	-11/32	127 3/16	109 3/16
Treas 11½pc 2001-4	9.94	8.39	115¾	-⅝	129 13/32	114 3/16
Funding 3½pc '99-4	4.66	7.18	75⅛	-11/32	86 3/16	72 3/16
Conversion 9½pc 2004	8.76	8.26	108 15/32	-1 1/16	125 3/16	107
Treas 6¾pc 2004‡‡	7.45	8.06	90 19/32xd	-¾	105⅛	88 3/16
Conv 9½pc 2005	8.74	8.25	108¾	-1⅛	125½	107¼
Treas 12½pc 2003-5	10.01	8.59	124 29/32	-1 1/16	143 1/16	123¼
7¾pc 2006‡‡	8.02	8.17	96 21/32	-1 1/16	112 13/16	95 3/16
8pc 2002-6‡‡	8.13	8.29	98⅛	-15/16	111⅝	96 13/16
Treas 11¾pc 2003-7	9.87	8.58	119 3/16	-1	136 3/16	117 13/16
Treas 8½pc 2007 ‡‡	8.30	8.19	102 13/32	-1 1/16	119 3/16	100 23/32
13½pc '04-8	10.23	8.60	131 13/32	-1 3/16	151 3/16	130 3/16
Treas 9pc 2008 ‡‡	8.43	8.17	106 23/32	-1 1/16	124 13/16	104⅞
Over Fifteen Years						
Treas 8pc 2009	8.11	8.18	98 21/32	-1⅛	115⅝	96 23/32
Treas 6 1/4pc 2010	7.45	8.02	83 29/32xd	-1 1/16	98 3/16	81 13/16
Conv 9pc Ln 2011 ‡‡	8.36	8.15	107 23/32	-1 3/32	126 13/16	105½
Treas 9pc 2012‡‡	8.34	8.15	107 29/32	-1 13/32	127⅝	105 13/16
Treas 5½pc 2008-12‡‡	7.13	7.90	77 3/16	-29/32	93⅝	75⅝
Treas 8pc 2013‡‡	8.09	8.10	98⅞	-1⅛	117 13/16	96⅜
7¾pc 2012-15‡‡	7.98	8.10	97 1/16	-1⅛	114¾	94 13/16
Treas 8¾pc 2017‡‡	8.19	8.08	106 13/32	-1⅛	128¼	104 3/16
Exch 12pc '13-'17	8.87	8.30	135 13/32xd	-1⅞	159½	132 3/16
Undated						
Consols 4pc	8.19	-	48 13/16	-⅞	59¼	45⅞
War Loan 3½pc‡‡	8.03	-	43 9/16xd	-29/32	54 13/16	41 13/16
Conv 3½pc '61 Aft.	5.94	-	58 29/32	-½	71	57 13/16
Treas 3pc '66 Aft.	8.38	-	35 27/32	-⅞	44⅝	34⅝
Consols 2½pc	8.21	-	30 13/16	-29/32	38½	29⅝
Treas. 2½pc	8.30	-	30⅛	-1⅛	37⅝	29 13/16

Notes		Yield (1)	Yield (2)	Price £	+ or -	1994 High	1994 Low
Index-Linked	(b)						
2pc '96	(67.9)	2.45	3.62	189⅞	-⅛	203⅞	197 13/16
4⅝pc '98‡‡	(135.6)	2.82	3.58	107 3/16	-⅜	113 3/16	106 7/16
2½pc '01	(78.3)	3.10	3.61	167 3/16	-⅜	178⅝	168⅛
2½pc '03	(78.8)	3.18	3.52	164⅞	-⅜	173⅝	163
4⅜pc '04‡‡	(135.6)	3.16	3.48	111 3/16	-⅜	118 3/16	110⅛
2pc '06	(69.5)	3.26	3.53	171 3/16	-⅜	184 13/16	170¼
2½pc '09	(78.8)	3.40	3.62	154 13/16	-½	169 7/16	154 7/16
2½pc '11	(74.6)	3.43	3.63	160 13/16	-½	175¾	160 3/16
2½pc '13	(89.2)	3.48	3.68	132¼	-⅝	148¼	131¼
2½pc '16	(81.6)	3.52	3.68	140⅞	-⅝	157 3/16	140½
2½pc '20	(83.0)	3.59	3.71	135 3/16	-⅝	152 13/16	134¼
2½pc '24‡‡	(97.7)	3.57	3.70	112⅛	-½	128 1/16	112 1/16
4⅛pc '30‡‡	(135.1)	3.59	3.72	111 13/16	-⅜	128 3/16	111 13/16

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1993: 141.9 and for April 1994: 144.2.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
African Dev 11¼ 2010	9.11	8.53	122 3/16	-1 1/16	142 3/16	120 13/16
Asian Dev 10¼pc 2009	8.92	8.45	114 13/16	-1 3/16	138⅜	112 13/16
B'ham 11½pc 2012	9.43	8.06	122	-1	142	119½
Ireland Cap 8½pc '10	8.19	-	103¾	-¾	116½	101
9pc Cap 1996	8.73	-	103⅛	-⅛	103½	100¾
13pc '97-2	11.68	-	112¼	-½	115¼	109½
Hydro Quebec 15pc 2011	10.27	9.41	146⅞	-1½	169 13/16	144¼
Leeds 13½pc 2006	10.21	-	132¼	-1¼	149¼	130
Liverpool 3½pc Irred	9.27	-	37¾	+¼	44¾	33¼
LCC 3pc '20 Aft	8.98	-	33½	—	40½	29¼
Manchester 11½pc 2007	9.81	9.24	117¼	-1¼	136¼	114¼
Met. Wtr. 3pc 'B'	4.40	7.80	68¼	-1	78	67½
N'wide Anglia 3⅞pc 2021	-	4.32	136¼	-⅝	150¼	135
4⅛pc IL 2024	-	4.14	130⅛	-⅛	145¼	129⅝
Utd Mex States 16½pc 2008	11.52	-	143¼	-1	159½	140¼

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on May 24

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	91⅝	91⅞	-⅛	7.83
AlbertaProvince 9⅜ 95	600	104⅜	104½		6.02
Austria 8½ 00	400	105¾	106	-⅛	7.21
Bank of Tokyo 8⅛ 96	100	103¾	104		6.44
Belgium 9⅝ 98	250	108⅞	109¼	-¼	7.06
BFCE 7¾ 97	150	102⅝	103⅛	-¼	6.87
British Gas 0 21	1500	10⅝	11	-⅛	8.51
Canada 9 96	1000	104½	104¾	-⅛	6.19
Cheung Kong Fin 5½ 98	500	90¾	91¼	-¼	8.24
China 6½ 04	1000	85¾	86⅛	-½	8.89
Council Europe 8 98	100	103⅛	103⅜	-⅛	6.41
Credit Foncier 9½ 99	300	109	109⅜	-¼	7.18
Denmark 5¾ 98	1000	96¾	97⅛	-⅛	6.75
ECSC 8¼ 96	193	103⅞	104⅛	-⅛	6.61
EEC 8¼ 96	100	103½	103⅞		6.38
EIB 7¾ 96	250	102⅝	103	-⅛	6.38
EIB 9¼ 97	1000	107⅛	107½	-⅛	6.85
Elec de France 9 98	200	106¼	106⅝	-¼	7.06
Eurofima 9¼ 98	100	104⅞	105¼	-¼	6.35
Ex-Im Bank Japan 8 02	500	102⅜	102¾	-¼	7.59
Export Dev Corp 9½ 98	150	108⅜	108¾	-¼	7.06
Finland 7⅞ 97	200	102¾	103⅛		6.70
Finnish Export 9⅜ 95	200	104¼	104⅝		6.11
Ford Motor Credit 6¼ 98	1500	97⅛	97⅜	-¼	7.26
Gen Elec Capital 9⅜ 96	300	105⅝	105⅞	-⅛	6.47
GMAC 9⅛ 96	200	103⅞	104¼	-⅛	6.82
Ind Bk Japan Fin 7⅞ 97	200	102¾	103⅛	+⅛	6.79
Inter Amer Dev 7⅛ 96	200	102⅜	102⅝		6.45
Italy 6⅞ 23	3500	83	83¼	-⅜	8.63
Japan Dev Bk 8⅜ 01	500	104⅞	105¼	-⅛	7.42
Kansai Elec Pwr 10 96	350	106⅜	106¾	-⅛	6.22
Korea Elec Power 6⅜ 03	1350	86½	87	-⅜	8.65
LTCB Fin 8 97	200	102⅞	103⅛	+⅛	6.75
Matsushita Elec 7¼ 02	1000	97¼	97⅝	-¼	7.88
Nippon Cred Bk 10⅜ 95	150	104¼	104¾		6.30
Norway 7¼ 97	1000	101¾	102	-⅛	6.58
Ontario 7⅜ 03	3000	97⅝	97⅞	-⅛	7.80
Oster Kontrollbank 8½ 01	200	105½	105⅞	-¼	7.43
Petro-Canada 7¼ 96	200	101½	101⅞		6.41
Portugal 5¾ 03	1000	87½	87¾	-⅛	7.79
Quebec Hydro 9¾ 98	150	108⅜	108⅞	-⅛	7.41
Quebec Prov 9 98	200	105½	106⅛	-⅛	7.31
Sainsbury 8⅛ 98	150	104⅞	105⅜	-⅛	6.78
SAS 10 99	200	107¼	108¼	-¼	8.09
SBAB 9½ 95	600	104	104¼	+¼	5.35
SNCF 9½ 98	150	108½	108⅞	-¼	7.06
Spain 6½ 99	1500	97¼	97½	-¼	7.12
State Bk NSW 8½ 98	200	103½	104⅛	-⅛	6.65
Sweden 5½ 95	2000	99½	99¾	-⅛	5.83
Swedish Export 8⅞ 98	700	103½	103⅞	-⅛	6.32
Tokyo Elec Power 8¼ 96	300	104⅜	104¾	-⅛	6.57
Tokyo Metropolis 8¼ 96	200	103¾	104⅛	-¼	6.52
Toyota Motor 5⅝ 98	1500	96	96¼	-¼	6.84
United Kingdom 7¼ 02	3000	98¼	98½	-¼	7.52
World Bank 8⅞ 99	1500	108⅛	108⅜	-⅛	7.10
World Bank 8¾ 97	1500	105¾	106	-⅛	6.55
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	88	89	-⅝	7.52
Credit Foncier 7¼ 03	2000	101⅛	101⅝	-⅛	7.07
Denmark 6⅛ 98	2000	100	100¼	-½	6.12
Depfa Finance 6⅜ 03	1500	95⅞	96	-¾	6.98
Deutsche Bk Fin 7½ 03	2000	102	102½	+⅝	7.19
ECSC 6⅝ 98	700	108	108¾	-⅝	6.01
EEC 6½ 00	2900	100⅜	100⅞	-½	6.41
EIB 6¼ 00	1500	99¼	99⅝	-½	6.40
Finland 7½ 00	3000	103⅜	103⅞	-⅜	6.87
Italy 7¼ 98	5000	102⅞	103	-½	6.34
Norway 6⅛ 98	1500	100¼	100½	-⅜	6.05
Ontario 6¼ 04	1500	93¼	93¾	-⅜	7.16
Spain 7¼ 03	4000	100¾	100⅞	-⅝	7.13
Sweden 8 97	2500	105⅝	106	-⅝	6.12

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7⅛ 97	5500	103⅛	103¼	-½	6.07
Volkswagen Intl Fin 7 03	1000	99¼	99⅝	-¼	7.12
World Bank 0 15	2000	24⅝	25⅛		6.71
World Bank 5⅞ 03	3000	93⅜	93½	-¼	6.84
World Bank 8¾ 00	1250	112¼	112½	-⅛	6.23
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	103½	104		5.66
Austria 4½ 00	1000	98⅞	99½	-⅛	4.62
Council Europe 4¾ 98	250	101	101½		4.45
Denmark 4¼ 99	1000	98¼	98⅝	-¼	4.61
EIB 6¾ 04	300	108½	109	-¼	5.64
Elec de France 7¼ 06	100	110½	111½	-½	5.97
Finland 7¼ 99	300	109	109½	-¼	5.27
Hyundai Motor Fin 8½ 97	100	107½	108½	+½	5.91
Iceland 7⅞ 00	100	110¼	111	-¼	5.61
Kobe 6⅜ 01	240	106	107	-½	5.34
Ontario 6¼ 03	400	103¾	104¼		5.69
Quebec Hydro 5 08	100	95¼	96¼	+¼	5.50
SNCF 7 04	450	111½	112		5.51
World Bank 5 03	150	99¾	100	-¼	5.03
World Bank 7 01	600	110¼	110½		5.17
YEN STRAIGHTS					
Belgium 5 99	75000	108⅛	108⅜	+¼	3.76
EIB 6⅝ 00	100000	114	114¼	+¼	3.86
Finland 6¾ 96	50000	106⅞	107⅛	+⅛	2.86
Inter Amer Dev 7¼ 00	30000	117¾	118	+¼	3.87
Italy 3½ 01	300000	98	98¼	+⅜	4.20
Japan Dev Bk 5 99	100000	106¾	107	+⅛	3.59
Japan Dev Bk 6½ 01	120000	115¼	115⅜	+⅛	4.05
Nippon Tel Tel 5⅞ 96	50000	105⅞	107⅛		2.79
Norway 5⅜ 97	150000	108⅛	108⅜	+⅛	2.98
SNCF 6¾ 00	30000	114½	114¾	+¼	3.88
Spain 5¾ 02	125000	110	110¼	+¼	4.22
Sweden 4⅜ 98	150000	104¼	104½	+¼	3.34
World Bank 5¼ 02	250000	108½	108⅝	+¼	4.01
OTHER STRAIGHTS					
Arbed 7½ 95 LFr	600	100	101		7.47
Genfinance Lux 9¼ 99 LFr	1000	108	109		7.12
World Bank 8 96 LFr	1000	101½	102½		7.12
Bank Voor Ned Gem 7⅝ 02 Fl	1000	105¾	106	+1¼	6.73
Energie Beheer 8¾ 96 Fl	500	111⅛	111⅝	+1⅞	5.83
AlbertaProvince 10⅛ 96 C$	500	104⅜	104¾	-⅛	7.76
Bell Canada 10⅝ 99 C$	150	106⅝	107⅛	-¼	8.95
British Columbia 10 96 C$	500	103¾	104⅛	-⅛	7.92
EIB 10⅛ 98 C$	130	106⅝	107⅛	-¼	8.01
Elec de France 9¾ 99 C$	275	104⅜	104⅞	-¼	8.66
Gen Elec Capital 10 96 C$	300	103½	104		8.07
KfW Int Fin 10 01 C$	400	104⅞	105½	-⅜	8.90
Nippon Tel Tel 10¼ 99 C$	200	105	105½	-⅜	8.78
Ontario 8 03 C$	1500	94¼	94⅝	-½	9.15
Ontario Hydro 10⅞ 99 C$	500	107⅞	108⅜	-½	8.79
Oster Kontrollbank 10¼ 99 C$	150	106	106¾	-⅜	8.74
Quebec Prov 10½ 98 C$	200	105⅞	106⅜	-⅛	8.84
Belgium 9¼ 96 Ecu	1250	104⅜	104⅝	-⅛	6.47
Council Europe 9 01 Ecu	1100	108¼	109	-¼	7.42
Credit Lyonnais 9 96 Ecu	125	103¾	104¼	-⅛	6.88
EIB 10 97 Ecu	1125	107⅞	108⅛	-⅛	6.71
Ferro del Stat 10⅛ 98 Ecu	500	109	109½	-½	7.19
Italy 10¾ 00 Ecu	1000	115	115¼	-¼	7.50
Spain 9 96 Ecu	1000	104½	104⅞	-¼	6.62
United Kingdom 9⅛ 01 Ecu	2750	109¼	109⅝	-¼	7.23
AIDC 10 99 A$	100	105⅛	105½	-⅛	8.70
BP America 12¼ 96 A$	100	107⅝	108⅛	-⅛	7.48
Comm Bk Australia 13¾ 99 A$	100	120⅝	120¾	-⅛	8.77
Eksportfinans 12⅞ 95 A$	75	106	106⅛	-⅛	6.13
McDonalds Canada 15 95 A$	100	109½	109	-⅛	6.65
NSW Treasury Zero 0 20 A$	1000	10	10½	-⅛	9.08
R & I Bank 7¾ 03 A$	125	90¼	90⅝	-½	9.40
Sth Aust Govt Fin 9 02 A$	150	98⅛	98½	-⅛	9.32
Unilever Australia 12 98 A$	150	111⅞	111¾	-¼	8.42

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 03 £	1000	95	95¼	-⅛	8.83
Alliance Leics 11⅛ 97 £	100	109½	109⅞	-⅛	7.66
British Land 8⅞ 23 £	150	90⅝	91⅛	-1	10.10
Denmark 6¾ 98 £	800	96	96⅜	-⅛	7.88
EIB 10 97 £	637	108¼	108½	-¼	7.33
Halifax 10⅜ 97 £	100	106⅞	107⅛	-¼	7.51
Hanson 10⅜ 97 £	500	106½	106⅞	-¼	8.06
HSBC Holdings 11.69 02 £	153	112¾	112⅞	-1⅛	9.46
Italy 10½ 14 £	400	112¼	112⅝	-1	9.15
Japan Dev Bk 7 00 £	200	94⅝	94⅞	-½	8.10
Land Secs 9½ 07 £	200	101⅜	101⅞	-1⅛	9.31
Ontario 11⅛ 01 £	100	111¼	111⅝	-⅛	8.82
Powergen 8⅞ 03 £	250	99¾	100⅛	-⅛	8.91
Severn Trent 11½ 99 £	150	111¾	112¼	-⅜	8.86
Tokyo Elec Power 11 01 £	150	111⅞	112⅜	-⅝	8.89
Abbey National 0 96 NZ$	100	84⅝	85⅜		7.46
TCNZ Fin 9¼ 02 NZ$	75	108	109	-⅜	7.87
CEPME 10 95 FFr	2000	104¼	104⅝	+⅛	5.85
Elec de France 8¾ 22 FFr	3000	111¾	112¼	-⅞	7.71
SNCF 9¼ 97 FFr	4000	107⅝	107⅞	-¼	6.27

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.14	99.27	3.7656
Banco Roma 0 99	200	99.80	99.97	3.8750
Belgium 1/16 97 DM	500	100.09	100.20	5.8750
BFCE -0.02 98	350	99.75	99.88	4.7300
Britannia 0.10 96 £	150	99.99	100.03	5.3500
Canada -1/16 99	2000	99.23	99.31	4.3125
CCCE 0 06 Ecu	200	98.81	99.06	6.2500
Credit Lyonnais 1/16 00	300	98.00	98.70	5.0000
Denmark -1/16 98	1000	99.40	99.52	3.7500
Dresdner Finance 1/16 98 DM	1000	99.98	100.05	5.4688
Ferro del Stat 0.10 97	420	100.07	100.24	4.0975
Finland 0 97	1000	99.86	99.96	3.4141
Halifax BS 1/10 95 £	350	99.98	100.04	5.2500
Ireland 0 98	300	99.62	99.76	3.4400
Italy ¼ 98	2000	100.30	100.37	4.1250
LKB Baden-Wuert Fin -⅛ 98	1000	99.36	99.46	4.5625
Lloyds Bank Perp S 0.10	600	82.71	84.31	4.1000
Malaysia 1/16 05	650	99.46	99.86	5.2500
New Zealand -⅛ 99	1000	99.54	99.62	3.8125
Ontario 0 99	2000	99.25	99.30	4.8125
Renfe 0 98	500	99.35	99.65	5.1250
Societe Generale 0 98	300	99.43	99.56	4.0312
Staatsbank Berlin -0.05 98 DM	6000	99.98	100.05	5.6846
State Bk Victoria 0.05 99	125	99.64	99.89	3.5344
Sweden 0 98	1500	100.09	100.16	3.7500
United Kingdom -⅛ 96	4000	99.75	99.83	3.6250

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	92¾	93¾	+14.53
Chubb Capital 6 98	250	88	103⅞	104⅝	+9.26
Eastman Kodak 6⅜ 01	300	41.52	109¼	110¼	-3.40
Gold Kalgoorlie 7½ 00	65	1.0554	112⅛	113⅛	+22.22
Hanson 9½ 06 £	500	2.5875	113½	114½	+11.57
Hawley Pref 8 02	400	19.1	135⅜	136⅞	
Land Secs 6¾ 02 £	84	6.72	101⅞	103½	+2.51
Lasmo 7¾ 05 £	90	5.64	87¼	88½	
Mitsui Bank 2⅝ 03	200	2332.6	90¾	92¼	+15.94
Mount Isa Fin 6½ 97	100	2.283	107⅝	108⅝	+3.21
Natl Power 6¼ 08 £	250	4.33	108½	109½	+6.66
Ogden 6 02	85	39.077	87½	88⅝	+32.62
Pennzoil 4¾ 03	500	58.8097	92¾	93¾	-37.21
Sumitomo Bank 3⅛ 04	300	3606.9	89⅛	90¼	+18.70
Sun Alliance 7¼ 08 £	155	3.9	98¾	99⅝	+21.11
Tesco Capital 9 05 £	200	2.51	114⅜	115⅜	+20.02
Texas Instruments 2¾ 02	300	82⅝	105¼	106¾	+11.82

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dawson seeks £45m after heavy losses

By David Blackwell

Dawson International, the Edinburgh-based textile group, yesterday announced a 1-for-4 rights issue to raise more than £45m as it plunged into the red after provisions for the closure of its US fleece and jersey business.

More than 39m shares will be issued at 120p. Yesterday they closed at 150p, up 6p on the day.

Pre-tax losses for the year to March 26 were £95.4m, after a provision of £50m and goodwill written off of £56.4m. There was a profit of £32.1m in the comparable period.

Turnover was £443.1m (£431.7m), including £58.3m (£76.2m) from the discontinued US activities. Operating profits of £18.8m (£37.2m) took account of losses of £19.5m (£2.71m) from the US operations.

Sir Ronald Miller, executive chairman, said market conditions had been appalling. "As a small player we did *not stand* a chance."

The closure of the division soaked up £38m of the provision.

The remaining £12m was for Dawson Home Fashions, a maker of shower curtains and bath mats, which was hit by imports. The provision would cover its sale, which is under discussion, or its restructuring if the sale fell through, Dawson said.

Dawson Home Fashions incurred its first loss last year, of £2.9m on sales £57.3m, compared with a previous profit of £4.6m on sales of £59.5m.

Operating profits from continuing operations, excluding Dawson Home Fashions, were ahead 17 per cent at £41.1m (£35.2m). Sir Ronald said: "We can see enormous potential coming through."

Losses per share were 64.6p, compared with earnings of 13.3p. A final dividend of 1.5p is proposed, giving a total for the year of 3p (9p).

The proceeds from the rights issue will be used to develop and expand the core businesses, particularly the international branded clothing business and the Morgan thermal underwear business in the US. The group will also reduce borrowings and redeem up to £27.9m of 9.375 per cent convertible preference shares.

Gearing at March 26 was 67.4 per cent if the convertible shares are treated as liabilities; 37.4 per cent if they are treated as equity. Pro forma net gearing would be 20.1 per cent.

The rights issue would have the effect of restoring shareholders funds, which fell from £163.4m to £115.1m at March 26, to £160.5m.

The issue has been underwritten by Samuel Montagu, Goldman Sachs and Noble Grossart. Broker to the issue is Cazenove.

● COMMENT

The figures are horrendous, but were well flagged at the beginning of March. It could be argued that there is no need for the rights issue as the remaining operations are cash generative. On the other hand the underlying businesses look undervalued, with pencilled-in profits of a little less than £30m giving a prospective multiple of 13.5. In the final analysis shareholders will simply have to ask themselves if the management that got into such a mess deserves backing.

Automotive Precision valued at £40.8m

By Paul Taylor

Shares in Automotive Precision Holdings, the precision engineering company, were priced at 100p yesterday valuing the group, which exports 93 per cent of its production, at £40.8m.

Automotive Precision, based in Tonbridge, Kent, is coming to market via a placing of 10.2m shares with institutional investors by Beeson Gregory. The shares are due to begin trading on May 31.

The company, which manufactures high precision components for the international automotive industry, was the subject of a £6m management buy-out from Hunting, the defence, aviation and oil group, in December 1990.

About 80 per cent of its exports go to customers in the US including Chrysler and Detroit Diesel.

Some 80 per cent of turnover is covered by rolling contracts of between two and four years and the customer base has doubled since 1992.

Last year the group reported profits before non-recurring items of £4.99m (£4.2m) on turnover of £16.9m (£17.1m). Pre-tax profits slipped to £1.91m (£2.59m) after remuneration payments of £3.03m (£1.24m).

The bulk of the shares being placed, some 9.71m, are being sold by the five members of the buy-out team. The remaining 500,000 shares are being issued by the company to cover the costs of the placing.

The management, led by Mr Stefan Petszaft, managing director, will retain roughly a 70 per cent stake in the group, but plan to reduce this. The managers had initially planned to retain a 50 to 55 per cent stake but scaled down the sale because of the condition of the market.

Enlarged Casket rises to £3.6m

By Peggy Hollinger

Strong demand from abroad helped Casket, Britain's second-largest bicycle manufacturer, boost annual pre-tax profits by 27 per cent to £3.6m.

The company, which claims 25 per cent of the UK market, increased exports by 26 per cent. Profits for the year to end-March were also helped by the £1.3m acquisition of a German bicycle company in November, which contributed £395,000 at the pre-tax level. Sales were 8 per cent higher at £103.8m.

Mr Joe Smith, chief executive, said the underlying bicycle business had shown like-for-like growth of 18.5 per cent in the year. Demand for Casket's range of brands had been particularly strong in Germany, France and Ireland, he said.

The results included the final costs of a long-running legal action over accounting practices at Kingsley & Forester, a clothing company merged with Casket in 1988. The group incurred net exceptional costs of £453,000, bringing the total costs of the six-year suit to about £650,000.

The final dividend is increased to 0.7p making a 1.1p (0.8p) total. Earnings rose by 26 per cent to 3.19p.

Placing and open offer to fund GBA purchase for up to FFr85.9m

French buy for Coutts Consulting

By Paul Taylor

Coutts Consulting Group, the career consultancy, outplacement and residential training company, yesterday agreed to acquire GBA Group of France for a maximum FFr85.9m (£10.1m).

The proposed acquisition of GBA, one of the leading outplacement and career counselling groups in France with 130 employees, will consolidate Coutts' position as Europe's largest outplacement group with 33 offices in six countries.

Mr Stephen Johnson, chief executive, said the deal would enable the expanded group to serve its multinational clients across Europe better. He said the expansion of outplacement operations into continental Europe had been a vital element in the strategy for developing the group.

Coutts will pay an initial FFr47.2m, including FFr39.7m in cash, with the balance satisfied through the issue of 971,366 shares to the vendors. Up to a further £4.5m will be paid subject to GBA meeting profit targets in 1994 and 1995.

GBA reported pre-tax profits of FFr7.7m for 1993.

The acquisition will be funded in part through a placing and open offer at 85p designed to raise £6.4m including £1.1m net of new money. The shares are being offered on the basis of 8 new shares for every 29 existing shares and 13.137 new shares for every 100 convertible preference shares.

The 7.58m new shares have been conditionally placed with institutional shareholders by Collins Stewart, subject to claw-back. Coutts' shares closed unchanged yesterday at 91p.

Part of the proceeds of the share issue will be used to pay £730,000 of dividend arrears on convertible preference shares, enabling the group to resume dividend payments on the ordinary shares at the interim stage later this year.

The company has undergone a substantial restructuring over the past 30 months, including replacing Mr Barry Topple, its chief executive, and appointing Sir Kit McMahon, former chairman of Midland Bank, as non-executive chairman.

Following the acquisition and the completion of the sale of Winkfield Place, the group's vacant Berkshire property, for £1.4m due at the end of May, the enlarged group will have net borrowings of £4m, equivalent to gearing of about 50 per cent.

Fairline powers ahead to £350,000

By Caroline Southey

Fairline Boats, the Peterborough-based luxury powerboat maker, more than doubled interim profits as UK sales rose 29 per cent and some export markets improved.

Profits rose from £161,000 to £350,000 pre-tax for the six months to the end of March.

Optimistic that the second half would show a similar rate of growth, the company declared a 40 per cent increase in the interim dividend to 5p (3.575p), payable from earnings per share of 6.74p (5p). The shares closed up 40p at 435p.

Sales rose by 16 per cent to £17.6m (£15.2m) of which direct exports, up 12 per cent, accounted for 70 per cent and additional foreign sales by UK distributors accounted for an estimated 20 per cent.

Mr Sam Newington, chairman, said conditions had been better than he had expected although confidence in some overseas markets "is not as strong as we would like".

Although sales to Germany have been holding up, the French and Italian market had proved "tricky", he said. But improving consumer confidence in the domestic market and continental Europe was leading to higher sales.

The company hopes to raise margins by reducing the number of models and holding down raw material costs which account for 60 per cent of production costs.

The order book stands at about £10m, more than 50 per cent higher than a year ago. Two new models will be launched at the Southampton Boat Show in September to supplement the four introduced in the last 12 months.

Increased production is likely to be met by re-opening of one of the group's factories near Peterborough. Net cash at the end of the six months was £2m.

NEWS DIGEST

Low-level response to CLS offer

The intermediaries offer for CLS Holdings, the property company owned by the Swedish Mortstedt family, has been only 15 per cent subscribed.

The London-focused property investment company had fully underwritten an offer of 45.05m new shares at 111p, subject to clawback to cover applications for the 11.26m shares offered to intermediaries. Applications were received for 1.64m shares.

Archimedes Trust

Archimedes Investment Trust achieved net asset growth of 4.1 per cent over the six months to April 30 from 676.54p to 704.07p per capital share, compared with only a marginal rise in the benchmark FT-SE-A All-Share Index.

The figure for this split level trust 12 months earlier was 545.57p.

Net revenue for the six months to the end of April was £154,927 (£170,007) giving earnings per income share of 12.65p (13.88p). The interim dividend is being maintained at 9p.

Monks Investment

Net asset value per share of Monks Investment Trust surged from 472.2p to 591.6p over the year to April 30.

Available revenue, however, fell from £6.61m to £5.9m, equal to 7.6p (8.52p) per share. The dividend is stepped up to 7p (6.7p) net with a final payment of 5p (4.7p).

Rathbone

Rathbone Brothers, the asset management and private banking group, has acquired Evensound, a London-based business comprising the introduction of private client investment accounts and the provision of executive services.

Consideration is via the issue of 185,387 new ordinary shares, valuing the acquisition at £515,000. The purchase will boost funds under the management of Rathbone by £35m.

Ocean

The outlook for 1994 remained uncertain at Ocean Group, especially in the first six months, Mr Peter Marshall, chairman, told the annual meeting.

The shares reacted with a 13p fall to 274p.

The distribution and logistics businesses continued to find continental markets depressed with a consequent pressure on margins.

Andrews Sykes

Andrews Sykes, which hires out and distributes engineering, heating and air conditioning equipment, said the 3.5p dividend for the six months to November 30 1993 on its convertible preference shares, which was scheduled for payment in December 1993, would be paid on May 31.

A decision on the preference dividend due on June 1 will be taken later in the year.

Shires Investment

Net asset value per share of Shires Investment rose from 259.72p to 292.21p over the 12 months ended March 31. The fully diluted figure rose from 250.35p to 284.4p.

Attributable revenue of £4.55m compared with £4.4m. Earnings emerged at 17.41p (17.48p), or 16.99p (16.95p) fully diluted. A final dividend of 4.3p makes a forecast 16.8p (18.4p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Archimedes Trust ......int	9	Aug 5	9	-	26
BET ......fin	2.25	July 15	1.25	3.25	3.25
Casket ......fin	0.7†	Oct 3	0.5	1.1	0.8
Dawson Intl ......fin	1.5	-	6.1	3	9
European Colour ......fin	0.8	-	0.525	1.15	0.8
Fairline Boats ......int	5	July 22	3.575	-	10.5
Hozelock ......int	2.3	July 15	-	-	-
M&G Income ......int	1‡	July 20	1	-	4.9125
M&G Recovery ......fin	1.12	July 1	1.12	3.82	3.82
Marks & Spencer ......fin	6.7	Aug 5	5.9	9.2	8.1
Metro Radio § ......int	2.25	July 8	1.5	-	5.5
Monks Inv ......fin	5	Aug 2	4.7	7	6.7
Readicut Intl ......fin	2.81	Aug 13	2.81	3.44	3.44
Shires Invest ......fin	4.3	July 29	5.9	16.8	18.4
Thorn EMI ......fin	25	Oct 7	23	34	32
Towles ......fin	0.25	July 4	0.25	0.25	0.25
Yorks-Tyne Tees ......int	0.1	July 22	3.3	-	3.3

Dividends shown pence per share net. †On increased capital. §USM stock. ‡First quarter distribution.

Restructuring complete but difficult trading conditions persist

BET ends year £92m in black

By Andrew Bolger

BET, the business services group which over-expanded by acquisition during the 1980s, said its restructuring was complete, but warned that pressure on margins and difficult trading conditions persisted across much of the group.

Mr John Clark, chief executive, said: "We expect to see earnings improvement coming from better productivity rather than increased selling prices."

BET made a pre-tax profit of £92m in the year to April 2, compared with a loss of £9.8m in the previous year, which included £76m of exceptional costs.

Restructuring costs of £42m were incurred this time, of which £34m had already been provided for.

Turnover fell by 9 per cent to £1.97bn, in spite of a £61m favourable currency effect, mainly because of divestments. The group said a further 17 non-core businesses had been sold during the year, and the disposal programme was now complete.

Mr Clark added: "I said when appointed that it would take three years – and it has. We have gone from 160 disparate profit centres to a set of four focused businesses."

BET had net cash of £67m at the year-end, compared with debts of more than £1bn when Mr Clark and his new team arrived.

The chief executive said his priority would be to invest in organic growth and "bolt-on" acquisitions, although he would consider a bigger purchase "if the right one came along".

The group said the speed of its success in improving performance would depend on efforts to improve productivity and marketing skills. Higher productivity would enable it to offset inflation and price pressure, while the marketing programme was aimed at developing value-added services in new areas.

Operating profit from business services rose from £14.1m to £31.8m, although the previous figure was depressed by the £11.5m share of the £76m exceptional item allotted to the division. BET said the underlying 24 per cent growth in operating profits was helped by margin improvements in UK cleaning and security services and US personnel services.

Distribution services turned in an operating profit of £30.8m, against £9.3m, or £20.8m minus £11.5m of exceptionals. Underlying growth of 48 per cent comprised rises of £5m from the US, £3m from Europe and £2m from Africa.

Plant services increased operating profit to £18.8m (£15.8m), or £26.5m minus £10.7m of exceptionals. Lower margins led to the 29 per cent fall in underlying performance, in spite of a good showing in the US.

Textile services' operating profits rose from £5.6m to £35.4m, or £28.1m minus £22.5m of exceptionals. BET said improved margins from this business caused the 26 per cent increase in underlying profitability.

Earnings per share of 6.9p compared with losses of 4p last time. A final dividend of 2.25p maintains the total at 3.25p.

See Lex

Exceptional treatment revised

By Andrew Jack

BET has agreed to amend the treatment of exceptional items in its 1993 report and accounts following discussions with the Financial Reporting Review Panel, the UK accounts watchdog.

The effect will be to eliminate a series of separately itemised exceptional items totalling £76m on the face of the profit and loss account and re-allocate them.

The adjustment comes after discussions with one of the largest companies the panel has examined. Other large cases include British Gas and Trafalgar House.

The review panel said yesterday it acknowledged BET had disclosed the nature of the exceptional items in the notes to the accounts. However, it "felt that this did not fulfil the requirement of the standard that these items should be shown on the profit and loss account under the statutory format headings to which they relate".

In a revised note to the accounts, BET has had to re-allocate the exceptional items between cost of sales and administrative expenses.

The panel is believed to have been concerned about the presentation of the exceptional items in boxes and comments in the chairman's statement which drew attention away from the pre-tax profit line stressed in FRS 3.

BET said last night: "This was a technical detail probably of most interest to those in the accounting profession. The analysts did not ask one question about it this morning."

It said it had adopted FRS 3 earlier than many companies and there was a lack of clarity about how it should be implemented at the time. It believed its original treatment was more helpful in showing its underlying performance.

Yorkshire-Tyne Tees deal with Thames

By Raymond Snoddy

Yorkshire-Tyne Tees Television has proposed a programming-making alliance with Thames Television, the independent production company now owned by Pearson, the media and entertainment group which owns the Financial Times.

YTT would like to make programmes with Thames for sale to international markets.

The Leeds-based ITV company, which yesterday announced a pre-tax loss of £4.6m (profit £3.6m) for the six months to March 31, is also linking up with large advertisers to make programmes.

A new drama series, The Wanderer, which was 80 per cent financed by Procter & Gamble and was turned down by the ITV network centre has instead been sold to Sky Television.

Increasing programme production, particularly for new markets outside the ITV network, is one of the strategies being pursued by Mr Ward Thomas, YTT's chairman.

At the same time he is trying to increase the company's share of ITV advertising. Last year its reached a low of just below 10 per cent.

By cutting costs the ITV company, which paid a total in licence payments up from £15.2m to £30.4m to the Independent Television Commission, lifted operating profits from £19.8m to £24.7m.

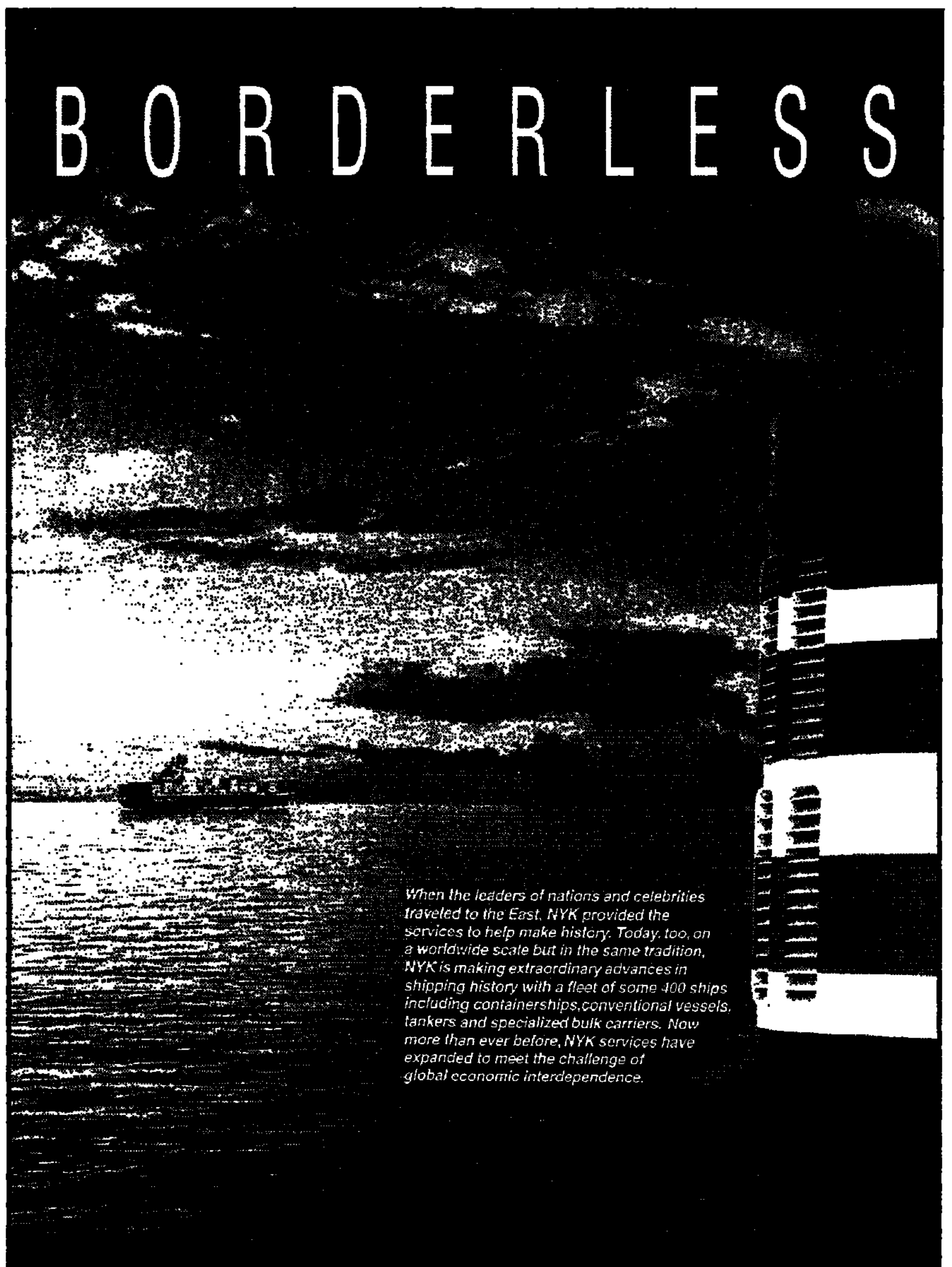
Mr Thomas said that the advertising deal problems were now a matter of history. Settlements had now been made in full with all advertisers and the company now had an ungeared balance sheet.

Analysts were now looking at pre-tax profits of between £5m to £7m for the full year.

Mr Thomas said he "looked forward with confidence to a measured and improving share of the total advertising cake and a consequential improvement in revenue through the rest of the year".

Turnover fell from £126m last time to £107.7m as advertising revenue dropped by £20m. Some of the leeway was made up by significant job losses. Staff costs fell from £22.9m to £17.8m. Losses per share were 6.1p (3.3p earnings). The company is declaring a nominal interim dividend of 0.1p (3.3p).

The shares closed yesterday down 7p at 312p.



BTR gives directors up to 17% more pay

By William Lewis

Directors of BTR, the industrial conglomerate, have received basic salary increases for this year of up to 17 per cent. And it has emerged that an unusual guarantee has been given to chief executive Mr Alan Jackson: his salary cannot be cut.

A clause in Mr Jackson's contract states that his annual pay review "shall not result in payment of salary less than that paid during the 12-month period preceding such review".

The rises took effect on January 1 and so did not feature in the 1993 annual report, published last month.

BTR, which holds its annual meeting in London tomorrow, reported a 19 per cent rise in pre-tax profits last year to £1.28bn and increased its full-year dividend by 13 per cent to 12.25p. The consensus City forecast is for a 12 per cent increase in profits this year.

Ms Kathleen O'Donovan, finance director, has the largest increase. A £30,000 – or 17.6 per cent – pay rise takes her basic salary to £200,000. Mr Jackson has received an 8.4 per cent rise, taking his annual pay to A$1.23m (£600,000). His service agreement is with BTR Nylex, an Australian company in which BTR has a 60 per cent stake.

Mr Norman Ireland, BTR's chairman, will be paid £213,830 this year for a three-day week, slightly less than received by Sir Owen Green, the previous chairman, in his final year.

Mr Michael Smith earns a basic salary of £281,000 and has a contract which guarantees him a three-year notice period. This remains in place despite recent moves by institutions to limit notice periods to one year. Mr Robert Fairclough, whose salary has been increased from $705,000 to $750,000 (£500,000), has a similar clause but his contract runs only until September 1996.

There is also likely to be shareholder concern over a $3.5m payment made to Mr Edgar Sharp, formerly president of BTR Inc, the main US subsidiary. About $1m of this was paid to Mr Sharp before December 31 1990, with the rest going into a pension trust which he was eligible to receive from January 1 this year.

The company said that the payment "has been paid in accordance with his contract". Mr Sharp is to remain with BTR as a non-executive director after his contract ends in June.

BTR declined to comment on the rises yesterday.

Cassell shares placed at 143p

By Andrew Bolger

Shares in Cassell, best known as a publisher of dictionaries and reference books, have been placed at 143p, giving the group a market capitalisation of £10.5m – considerably less than the figure of £15m mooted when the plan to float was unveiled in early April.

Mr Philip Sturrock, chairman, said: "We are pleased to have got it away in present market conditions. I believe a lot of floats have been pulled. We felt it was better to price it keenly and carry on."

A total of 6.27m Cassell shares were placed with institutions by Charterhouse Bank, with Charterhouse Tilney acting as broker, at 13 times historic earnings. Trading will begin on June 2.

Thorn EMI at £327m and disposals planned

By Michael Skapinker, Leisure Industries Correspondent

Thorn EMI said yesterday that it was negotiating to sell its security business and part of its defence subsidiary.

A sale of the businesses could precipitate a demerger of its core music and rental divisions.

The group said it was interested in entering book publishing, if it could find the right company to acquire.

Thorn yesterday announced pre-tax profits of £326.5m for the year to March 31. That compared with a restated £273.5m last time, but fell below market expectations.

The shares fell 28p to £10.68.

Sir Colin Southgate, chairman, said the group was in "detailed negotiations" to sell a majority stake in its security business. Thorn would retain a minority interest, he said.

He added that the group was negotiating to sell part of its lossmaking defence business, which has been on the market for several years.

Sir Colin said the negotiations were with a continental European defence group. Negotiations with GEC have taken place on several occasions over the past few years.

Sir Colin said about £400m of turnover came from activities regarded as peripheral. Thorn was currently negotiating to sell businesses representing just over half that amount. Total turnover for 1993-94 was £4.3bn, compared with £4.5bn last time.

Mr Simon Duffy, finance director, said the group was interested in moving into book publishing, a field in which it could use its expertise in copyright management.

He added: "We're looking at opportunities in the book publishing business. It's got to be available, it's got to be the right fit and the right price."

The group has renamed its rental business Thorn Group, differentiating it more clearly from EMI Music. Thorn Group is run from the UK, while the music subsidiary has its headquarters in New York.

Sir Colin said yesterday that splitting the two divisions could only be considered when the peripheral businesses have been sold.

Mr Duffy said that once this had happened, media or film companies which were not in the music business might be interested in linking up with EMI.

Operating profits were £382.5m, compared with £379.3m. Music profits were £246.1m (£196.9m) and those for rental £130.2m (£115.3m).

The recommended final dividend is 25p, bringing the total pay-out to 34p (32p). Fully diluted earnings per share were 47.7p (43p).

Sir Colin said the increased dividend reflected the group's confidence in its prospects during the current year.

See Lex

Readicut advances to £20.9m

By David Blackwell

Readicut International, the household textile, carpeting and yarn company, lifted pre-tax profits by 8.7 per cent to £20.9m for the year ended March 31.

Mr Clive Shaw, managing director, yesterday described conditions in the group's markets as "far from ideal". UK recovery was irregular, margins remained under pressure, the US recovery was slow and Europe was still in recession.

Total turnover moved ahead from £235m to £238m. The latest figure includes £36.4m from discontinued operations, compared with £43.9m last time.

The pre-tax profits included £3.9m from the disposal last month of Firth Furnishings, a maker of car carpets, and the sale last October of Readicut Wool, the distributor of rug kits, knitting yarn and handicraft products.

This compared with profits of £4.2m from disposals in the previous year, when pre-tax profits were £19.2m.

In the key carpet division operating profits were up from £3.78m to £6.73m on sales of £88.4m (£81.3m). Mr Shaw said profits at Firth Carpets moved from £900,000 to £2.1m on the back of a 20 per cent rise in contract carpet sales.

The group lifted capital spending from £11.8m to £14.5m during the year, and is planning to spend £15.2m in the current year.

Earnings per share were ahead from 7.5p to 7.84p. An unchanged final dividend of 2.81p is proposed, maintaining the total for the year at 3.44p.

● COMMENT

This was a solid set of results, in a difficult year, from a well-managed company that has successfully got out of its non-core, low-margin businesses. Profits this year are expected to be about £18.5m, giving a prospective multiple of 15 – not cheap, but a good share to hold in the textiles sector. The unchanged dividend looks a bit mean for a group that ended the year with net cash of £10.1m. The question now is: what is it going to buy?

TeleWest takes on £195m debt for Scottish cable networks

By Raymond Snoddy

TeleWest Communications, the largest cable television operator in the UK, has borrowed £195m to complete its Scottish cable networks.

The eight franchises in the central belt of Scotland cover 632,000 homes ranging from Edinburgh and Perth to Dundee, Motherwell and Livingston.

The loan facility, which matures in December 2003, was arranged by Canadian Imperial Bank of Commerce and is underwritten by CIBC, Bank of New York, The Bank of Nova Scotia, British Linen Bank, First National Bank of Boston and The Toronto Dominion Bank.

The loan is structured in two tranches, one of which has recourse to TeleWest's shareholders, Tele-Communications and US West.

TeleWest said Edinburgh was one of its best franchises for both television and telephone services. The other Scottish franchises were bought from Post Newsweek late last year.

TeleWest has announced its intention to float on both the London Stock Exchange and the Nasdaq market in the US later this summer. The float will be the first by a UK cable group and is likely to value the company at about £1.7bn.

TeleWest owns and operates 16 cable franchises and has minority interests in three other companies which operate seven further franchises.

Cash-rich M&S earmarks £1bn for store expansion

By Neil Buckley

Marks and Spencer said yesterday that it was accelerating its expansion programme and expected to spend more than £1bn over the next three years.

The company said annual capital spending would rise from last year's £281m, and might reach £450m if the right opportunities were available.

Sir Richard Greenbury, chairman, said: "There really isn't any constraint. We have got plenty of cash and we are in an aggressive mood regarding expansion."

Comparatively little would go on new UK stores. M&S eventually plans 25 out-of-town centres, but already has 17. Rather more would be spent on expanding existing town-centre stores.

Sir Richard said stores now needed between 80,000 sq ft and 120,000 sq ft of space to accommodate the full range of clothing, food and furnishings, but added that many were smaller.

The second focus for expansion would be continental Europe, where sales rose 3 per cent last year to £243.3m although profits slipped from £27.3m to £27.1m in a difficult trading climate.

The emphasis would be on France and Spain, with new stores opening on the Rue de Rivoli in Paris, and in Valencia.

The third focus would be east Asia, where sales grew 38 per cent to £56.6m, and profits 43 per cent to £15.2m.

Sir Richard expected his main task as chairman would be building the business in continental Europe, leaving east Asia for his successor. But the company's stores in Hong Kong and elsewhere have exceeded all expectations, forcing him to move more quickly.

In addition to south-east Asia, the company is under pressure to take its retailing expertise into Japan and China – in the former from trading companies, and in the latter from the government.

Sir Richard said both markets offered huge opportunities, but start-up costs were high and caution would characterise M&S's approach.

In the US, the emphasis was on bringing the performance of Brooks Bros up to the standard of the rest of the group.

Lep may partly float US arm to cut debt

By David Wighton

Lep Group, the lossmaking freight forwarding and security group restructured by its banks in 1992, is considering a partial US flotation of its American security business to reduce its £400m of debt.

Mr David James, the company doctor who was brought in as chairman by the banks, said he was "mindful of the opportunity for a major refinancing" of National Guardian given the "very favourable market conditions".

He said that electronic security companies, of which National Guardian is one of the top four in the US, have been accorded high share ratings on Wall Street, partly because of strong market growth following the bombing of the World Trade Centre.

He stressed that the group would not consider floating off the whole of the subsidiary and had turned away potential trade buyers.

National Guardian increased its operating profit from £13m to £19.9m last year, on turnover of £127.9m (£100.2m), helping to push the group operating figure to £29.9m (£24.9m). The banks' debt-for-equity swap in 1992 cut Lep's interest bill to £37.4m (£48.1m), reducing the pre-tax loss from £38.3m to £15.6m.

The freight forwarding division made its first net profit since 1988 with the North American and Asia Pacific businesses performing well and signs of recovery in Europe.

The company repeated previous warnings that there would be no return to dividend payments for the foreseeable future. Losses per share were cut to 2.1p (9.7p).

Group borrowings rose to £410m (£386m) because of crystallisation of bank guarantees, the rise in the dollar and acquisitions by National Guardian. But debt will be reduced by £87.5m following January's sale of Swiss Bank House.

Shareholders' funds fell to £40.8m (£45.3m) compared with a market value of £43.8m with the shares unchanged at 4¾p.

Mr James said that the subsidiaries' profits would have to advance further for their realisation price to make "a significant impact on core debt".

Metro Radio doubles to £1.65m

By Chris Tighe

Strong turnover growth and control of operating costs helped Metro Radio Group, the USM-quoted radio station operator, report pre-tax profits more than doubled from £797,000 to £1.65m for the six months to end-March.

The outcome was struck on turnover up by 26 per cent from £8m to £10.1m. The interim dividend, which is raised from 1.5p to 2.25p, is covered nearly three times by earnings per share of 6.48p (3.13p).

Advertising revenues were up 39 per cent nationally, and 27 per cent overall. The company attributed this to greater economic confidence and radio's growing credibility as an advertising medium.

The company said the second half had begun strongly and it expected the full year to show significant growth. However, because national advertising revenue began improving in last year's second half, directors said it would be unrealistic to expect the full year to show such large percentage rises as the interim results.

Cashflow resulting from the growth in profitability in recent months has enabled the group to reduce its medium term loan from £1.9m at end-September 1993 to £1m at March 31.

A further £500,000 will be repaid on May 31 and Mr John Josephs, managing director, said he expected the company would have no borrowings by the year end.

Metro, which operates seven independent radio stations in north-east England and Yorkshire, said it intends bidding for one of the two new London FM licences.

Lower interest buoys Hozelock

By David Blackwell

Hozelock, the garden equipment manufacturer, doubled pre-tax profits in its first half, reflecting the benefits of last November's flotation.

Pre-tax profits for the six months to March 26 rose from £967,000 to £2.02m.

At the operating level, profits were ahead 18 per cent at £2.06m, compared with £1.74m. Turnover advanced by 8 per cent, from £13.2m to £14.3m.

Net interest payable fell to £36,000 (£774,000). The group, which realised £4m from the flotation after paying back debt, ended the half with net cash of £8m.

Mr Donald Potter, finance director, said the company traditionally encountered the heaviest demands on working capital at the end of March. But it had negotiated better payment terms from its suppliers, and had brought forward some payments by customers.

Shares in the group closed yesterday at 250p, 2p up on the day and level with the flotation pricing.

Mr David Codling, chief executive, said the group had taken a record 67 per cent of the core UK watering market, with sales ahead 12 per cent. The aquatics division, which makes pond equipment, lifted sales by 54 per cent.

The group will move into its new factory at Sutton Coldfield, West Midlands, in early July, giving it time to settle in during the low point of the manufacturing year.

Mr Codling described the move as "like moving from the Dark Ages to the modern age".

Earnings per share were 5.3p (2.6p). A maiden interim dividend of 2.3p is declared.

Butte future aided by fresh funds

By Kenneth Gooding,
Mining Correspondent

The future of Butte Mining, the UK company whose main activity is prosecuting US lawsuits – it is seeking damages of up to $1bn (£670m) from former managers and promoters – looked more secure yesterday, the directors stated, after the promise of an inflow of fresh funds and hopes of a favourable US appeals court hearing.

Butte's former Australian subsidiary, Vam, which is now called Hillgrove Gold, has completed a fund-raising exercise which will result in the UK company receiving about A$500,000 (£244,000) in debt repayments.

Mr Graham Andrews, Butte's finance director, said the company also intended to sell its remaining 5 per cent stake in Hillgrove Gold to raise about another A$350,000 (£171,000).

The proceeds would partly be used to pay Butte's former Australian legal advisers – its last debt not related to the US court cases – and this would leave the company with about £200,000.

Mr Andrews said that the US appeals court hearing should result in the judge in Montana, where Butte is prosecuting its cases, soon starting pre-trial processes which might lead to the full hearing in 1995.

United Carriers unsettled by warning

By David Wighton

Shares in United Carriers fell sharply yesterday as it became the latest company to issue a profit warning shortly after going public.

The shares dropped 33p to 115p, compared with the February flotation price of 153p, after the parcel and freight company admitted to having suffered an "exceptionally tough" April.

As a result it predicted that this year's profits would be "somewhat less" than 1993's figure of £4.1m. Analysts had been expecting at least £4.8m.

The group said that trading in February and March had been in line with expectations but that in April the parcels and freight business had seen volumes down by about 5 per cent on last year.

"The fall arose from a significant reduction in volumes from the underlying customer base as well as a net loss of business arising from competitive pressures." In particular, it is thought that United lost market share to Lynx, the NCF subsidiary, after failing to respond to price cuts.

United said that during May it has gradually begun to reduce the volume shortfall, in part by securing new business. It added, however, that it was unlikely that the shortfall in the parcels and freight business will be recouped during the remainder of 1994 with the company predicting flat volumes compared with 1993.

Trading in the rest of the group, notably in the specialist transport and distribution businesses, has exceeded expectations, but this has not been sufficient to make up for the shortfall elsewhere.

Directors sold about £4.5m of shares in the February placing, which was sponsored by Lazards with UBS acting as broker.

Chairman reiterates call for small shareholders to reject bid

Lasmo board comes under attack

By Robert Corzine

Lasmo, the oil exploration company, yesterday took its battle to fight off a hostile bid from fellow explorer Enterprise Oil directly to its shareholders.

The prospect that even relatively small investors may play a decisive role in determining Lasmo's fate meant that Mr Rudolf Agnew, chairman, and Mr Joe Darby, chief executive, had to be particularly persuasive in convincing those who attended the meeting at London's Barbican of the wisdom of rejecting Enterprise's overtures.

Mr Agnew dismissed as "junk paper" the £1.4bn Enterprise bid, which so far does not have a cash sweetener.

"The Enterprise bid is a nonsense. There is no reason why Lasmo's shareholders should give away their bright future to solve another company's internal problems," he said.

The new chairman also dismissed concerns expressed by one shareholder that there might be some truth to Enterprise allegations that Lasmo will remain financially weak in spite of its recent rights issue.

"We're in good nick," he said.

Mr Agnew had more problems when another shareholder recited a litany of alleged violations of the Cadbury code on corporate governance.

In a statement which was warmly received from the floor, the shareholder criticised the rolling contracts enjoyed by some directors.

He also questioned whether "overtime" provisions for the chairman and deputy chairman amounting to £700 a day were warranted.

A suggestion that Lasmo's directors freeze their salaries and other forms of compensation until the dividend could be raised substantially was also warmly received from the floor, in sharp contrast to the icy glare from Mr Agnew.

He accused the elderly shareholder of being an "effective" propaganda tool for the "opposition".

He also claimed that Lasmo conformed to the Cadbury code, although he made no secret of his distaste for many aspects of it. "Much of Cadbury is linked to an economy in marked decline," he said.

Alan Harper

Rudolf Agnew: dismissed £1.4bn Enterprise bid as 'junk paper'

Mr Agnew said he would look at the idea of freezing directors' salaries, although he "was not sure what it might accomplish".

As for his own role, he was prepared to leave if that is what shareholders wanted. After all, he said, "I don't have to work for you."

Cementone shares fall on warning

By Jean Marshall

Shares in Cementone fell 16p to 80p yesterday as Mr Alan Clements, chairman, told the annual meeting that first half profits would be "materially lower than market expectations".

The specialist paints and building chemicals maker came to the market in January via a reverse takeover of Multitrust, the property investment company. Its shares, which were placed at 73p, began trading ahead of expectations at 87p.

Mr Clements said that intense margin pressure from competitors in conjunction with promotional activities in both the paints and chemicals market sectors had resulted in a continuing squeeze on margins.

Management had taken action, he said, which had already resulted in margin and profitability improvements.

He was confident that normal levels of profitability would be restored in the second half. For the year to December 31 1993 pre-tax profits were £1.21m (£995,046).

Warnford declines 9% to £6.95m

Warnford Investments reported a 9 per cent contraction in profits before tax – from £7.66m to £6.95m – during the 12 months to December 25.

Turnover at the property investment group dipped to £11.4m (£12.1m). After tax and minorities, earnings per share emerged at 12.1p (13.65p).

A proposed final dividend of 5p brings the total for the year to 7.75p (7.5p).

The group's investment property portfolio was valued, on an open market value basis, at £104.9m at the period end, up from £89.9m a year earlier.

Leisure wear puts Towles deeper in red

Towles, the clothing manufacturer, saw losses increase from £146,000 to £236,000 in the year to February 28.

The result was disappointing, directors said, mainly because of a poor performance at HE Godkin's leisure wear activities.

Godkin was closed in November, resulting in total costs of £366,000.

The company was also the main factor in group turnover falling to £15.7m (£16.2m). Losses per share were 7.71p (4.38p) but the board proposes to maintain the single, final payment of 0.25p.

NEWS DIGEST

European Colour up at £1.22m

European Colour, the Stockport-based chemical colour manufacturer, reported pre-tax profits almost doubled from £640,780 to £1.22m for the year to end-March.

The improvement was achieved on turnover up by 11 per cent from £14m to £15.6m.

Earnings per share emerged at 2.61p (1.35p) and the final dividend is raised to 0.8p, making a total of 1.15p (0.8p) for the year.

Interest charges were cut from £104,000 to £38,000 and the company ended the year with zero gearing.

Deficit at Baris widens to £1.4m

Losses at Baris Holdings, the USM-traded building services company, widened from £351,000 to £1.43m pre-tax for the year to end-February.

The costs of early commercial settlements, together with the effects of restructuring and redundancies, accounted for £900,000 of the loss.

Turnover fell to £14m (£20.6m) and losses per share worked through at 20.8p (earnings 0.2p).

Non-core disposals continue at Costain

Costain, the construction and mining group, has continued its withdrawal from non-coal mining activities in the US with the disposal of Montana Talc Company for about $14m (£9.3m). The proceeds will be used to repay debt.

In 1993, the talc mining business made profits before interest of $1.7m and at April 30 had a book value of $13.9m.

Rise at Leveraged Opportunity Trust

Leveraged Opportunity Trust, which specialises in US companies which have undertaken capital reorganisations, reported a net asset value – with loan stock converted and warrants and options unconverted – of 155.1p at March 31, a rise of 22 per cent over the 127.4p a year earlier.

Fully diluted the value was 143.4p (121.6p).

The net loss in the six months to March 31 was £41,000 (£33,000), giving losses per share of 0.55p (0.44p).

Irish Life sells Norwegian offshoot

Irish Life is to sell David, its Norwegian subsidiary, for I£12m (£11.8m) to a group of savings banks who are the main distributors of its products.

In addition to the financial aspects, Irish Life has acquired rights to the David concept outside Scandinavia.

Royal Bank's US offshoot expands

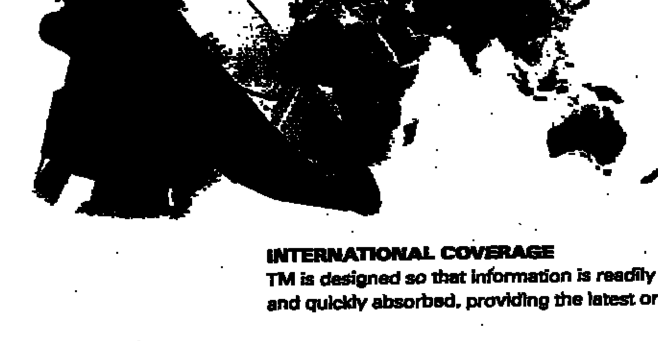
Citizens Financial Group, the US subsidiary of Royal Bank of Scotland, has acquired seven branch offices and $117m(£78m) in deposits of the Coastal Federal Savings Bank from the Resolution Trust Corporation, for $10.7m cash.

Coastal, which is based in New London, Connecticut, went into receivership in June 1992.

Princedale ahead of budget first quarter

Results at Princedale Group, the USM-quoted marketing services and industrial concern, were ahead of budget for the first quarter, Mr Stephen Bennett, chairman, told the annual meeting.

Mr Bennett pointed to a brighter economic environment and the fact that the businesses acquired last year "have settled down well and are performing to expectations", as the factors behind the current year's progress.



COMMODITIES AND AGRICULTURE

Coffee stock sales agreed as surge continues

By Alison Maitland

As coffee futures surged to fresh seven-year peaks in London yesterday the president of the Association of Coffee Producing Countries admitted that prices had become "a bit exaggerated".

Robusta prices at the London Commodity exchange staged another spectacular rise, putting them 100 per cent above their level at the start of the year. The July contract reached a high of $2,480 a tonne before closing $52 up at $2,348. The New York market was also buoyant early on, the July arabica price touching 141.8 cents a pound, but in late trading it was 4.15 down at 132.5 cents.

The markets shrugged off news that the ACPC had agreed to release the remaining 50 per cent of stocks held back under last October's export retention scheme. These 2m bags will be released between July and September, although some may be freed in the current quarter to meet demand.

"We have an interest in doing this in the most orderly way so as not to create problems for the market," said Mr Rubens Antonio Barbosa, president of the association and Brazil's ambassador to Britain. He added that the timing of the release was up to individual countries, although he expected the 900,000 bags held by central American countries to come on to the market first.

Mr Barbosa thought the supply shortages that, with falling consumer stocks, are underpinning prices, would last "quite some time". So far there were no signs that plantings would be stepped up as a result of the price rise.

He stressed the bullish fundamentals for the market but added that "the problem" was that prices were now being driven by speculative buying from hedge and investment funds.

Mr Barbosa declined to be drawn on what would constitute a sensible level for the market, but pointed out that prices were still below half the levels they reached in 1986 and 1987. On Monday Mr Guy Alain-Gauze, the Ivory Coast commodities minister, told the Reuter newes agency that "an equilibrium price" for London would be around $2,000 a tonne.

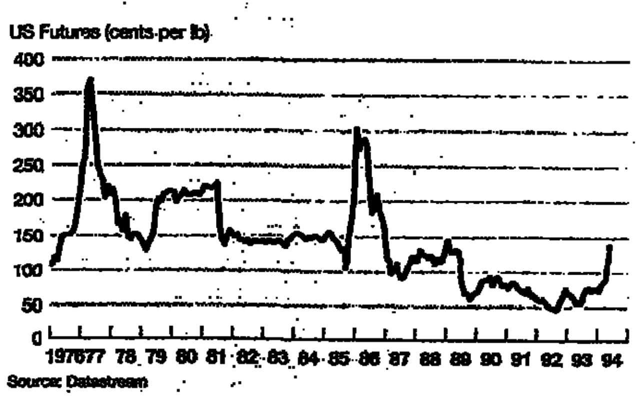
The president of the ACPC, which has about 30 members representing 90 per cent of world production, has approached other producing countries such as Vietnam and Swaziland to encourage them to join.

By abiding by the provisions of the export retention scheme, the ACPC, created last September, had shown it "means business", said Mr Barbosa. "As time goes by, I think it will be taken increasingly into consideration as a factor that will affect the market."

The two-day meeting of the organisation in London agreed to set up three groups: to promote coffee consumption, to co-ordinate production policies, and to handle organisational matters.

There were no plans to raise the trigger prices that dictate when export retention stops and when stocks are released in the light of the vertiginous rise in prices, Mr Barbosa said. "If prices drop, we'll see. We'll convene another meeting."

Coffee



Source: Datastream

Indian tomato experiment ready to bear fruit

Shiraz Sidhva on a PepsiCo project that is helping Punjabi growers to produce more

At Zahura, a village in Punjab's Hoshiarpur district, PepsiCo fully-automated tomato processing plant is a riot of red as lorry loads of luscious fruit are pulverised into paste.

This is not only Asia's biggest food processing plant – with a capacity of 650 tonnes a day – but also a test case for the potential of India's nascent food processing industry, which has attracted domestic and foreign investment worth over Rs300bn (£6.35bn) in the past two years, more than any other sector except power.

Pepsi, which started operations in India two years before the country embarked on its liberalisation programme in July 1991, was forced to meet a large export obligation; and the American multinational turned that obligation into an interesting agricultural experiment that the company hopes will yield profits soon.

Never having built a processing plant on such a large scale before, the company had to devise it from scratch. "We went through a very expensive and long learning curve, with no validated data to help us," explains Mr R.P.S. Dhaliwal, plant manager of Pepsi Foods, the company's Indian subsidiary.

That was five years ago. Today, the plant exports 80 per cent of its 40,000 tonnes-a-year production. It also supplies the Indian subsidiaries of Nestlé and Unilever, for their domestic ketchup brands.

When Pepsi started its Indian operations it faced tremendous hostility from politicians and farmers alike, especially when the company chose to build the plant in the Punjab, India's most prosperous agricultural state. Critics felt strongly that the multinational would exploit farmers in the region for its own commercial gain. Today, however, those farmers are very happy to sell their tomatoes to the factory.

Mr Hoshiar Singh, who farms nearby in Tanda, says tomato growers in Sirsa and Tohana who supply Pepsi are pleased with the way the company deals with them. According to him, the region has benefitted from better farming techniques introduced by the company.

"It may be true that a big company makes a lot more money than we do," he says. "But they have taught us how to increase our yield and the commercial gain is bound to benefit us all."

The plant, which was built quite cheaply, at a cost of Rs220m, buzzes with activity during the 65-day season beginning at the end of April, when it runs to full capacity. Pepsi's biggest challenge at the moment is to make use of the plant's capacity outside this short season. It is trying to add ten days to the season by getting supplies from the mountainous Himachal Pradesh state bordering Punjab and hopes to develop new techniques to extend it to 110 days. Recently it has diversified into red chilli paste, producing 2,000 tonnes a year for export.

The Pepsi Agro Food Processing Research Institute has taught its suppliers new cultivation and disease-prevention techniques, helping them to increase yields from 25 to 30 tonnes a hectare and ensuring that the tomatoes conform to international standards of colour, texture and flavour.

Two years ago, Pepsi, to use a senior manager's words, "went berserk" trying to work out a system whereby farmers would bring only as many tomatoes as could be processed each day. "They would land up at the factory with far more tomatoes than we needed on a particular day and insist we bought them," says Mr Muktesh Pant, executive director, exports, now in charge of Pepsi's Season's Harvest fruit juice venture. But Mr Dhaliwal says that the problems have been overcome. An in-house nursery provides control over the phasing of tomatoes. "We have fine-tuned ourselves to such an extent, that we now issue quota slips specifying quantities and dates of supply. Our payment system ensures that farmers get paid at their homes on every 10th day."

The company says it is not yet making profits. "But we have maintained our tomato prices over the last two years," says Mr Dhaliwal.

Pepsi's plans include using the plant to produce apple and pear purée when the tomato season is over. It has spent Rs15m to upgrade its facilities, introducing a small dehydration unit for apples and mushrooms.

The fully-automated plant, imported mostly from Italy, needs not more than three to four people to operate it. And increased utilisation remains Pepsi's top priority.

British industrial fishing plan under fire

By Alison Maitland

The UK government came under fierce attack yesterday for inviting applications from fishing vessels to catch capelin, a small fish eaten by endangered stocks of cod, off Greenland.

The National Federation of Fishermen's Organisations called the decision "astonishing" when stocks of white fish had reached virtual collapse.

"This decision is a signal to all that the UK supports industrial fishing and is in direct contradiction of the government's public stance against it," said Mr Richard Banks, the federation's chief executive.

"The wrong signals will now be sent to the European Commission and other industrial fishing nations, such as Denmark and Norway, that the minister [Mr Michael Jack] is the champion of industrial fishing."

The federation said that industrial fishing was widely condemned in the UK because it denied feedstock to fish and birds and caught young fish before they had a chance to breed.

The Royal Society for the Protection of Birds called the move "a potential disaster for wildlife". It said that Greenland cod stocks were at an all-time low.

"The government should not gamble with long-term fish stocks and important wildlife populations for short-term commercial gain," said Dr Patricia Bradley, RSPB aquatic unit manager.

Mr Jack, fisheries minister, announced the decision last week, saying it was in response to a request from the fleet. He said the quota for capelin was based on the best available scientific evidence. "There is no question of over-exploitation as the EU's share of the fishery for 1993 was not taken," he said.

Lease rates signal puzzles gold market

By Kenneth Gooding, Mining Correspondent

The gold market is mulling over the possible significance of a fall in gold lease rates to an all-time low of only 0.6 per cent.

"The market is sending a message – but it is impossible to decipher at present," says Mr Andy Smith, analyst at Union Bank of Switzerland. It may be at a turning point, he says. But whether it is ready for another leg of the bull market or whether prices will fall is not clear.

He points out the gold bullion market is particularly liquid at present for at least four reasons:

- Much gold was swapped for US dollars in advance of what was seen as an inevitable increase in US interest rates at the May 17 meeting of the Federal Reserve, the US central bank;
- More central banks are willing to lend gold and to lend it for longer (lending in this case meaning that the metal is sold for cash while at the same time the seller arranges a futures contract to buy it back later);
- Producers, usually borrowers of gold, have been buying back forward sales;
- And renewed gold futures buying by US funds in May led to extra gold lending because commercial banks offset futures positions by buying then lending gold.

Mr Jeffrey Nichols, managing director of American Precious Metals Advisors, suggests in his latest MetalsFAX newsletter that net sales of gold last year by central banks and other official bodies amounted to "a fantastic" 900 to 1,000 tonnes, up from 653 tonnes in 1992, a year that included 400 tonnes sold by the Dutch central bank.

His estimate is far ahead of that from Gold Fields Minerals Services, which in its recent annual review put net official sales at 475 tonnes. Mr Nichols says his estimate reflects "several hundred tonnes of Saudi Arabian gold sales in 1993. The Saudis have been large-scale sellers of gold from 'invisible' or unrecorded holdings."

Mr Nichols also contends that the quantity of gold consumed by the jewellery industry in the US, and possibly other industrial nations, is "significantly greater than generally believed." He suggests jewellery consumed 2,643 tonnes of gold last year compared with the GFMS estimate of 2,302 tonnes.

MetalsFAX. US$7,000 a year, from APMA in the US on fax 802 425 6304

MARKET REPORT

Cocoa hits 6¼-year highs

London COCOA futures surged to 6¼-year highs yesterday as investment fund buying swamped the market, leaving many in the trade wrong-footed.

The July contract closed at £1,066 a tonne, up £68, after touching £1,085 at one stage. "It looks very, very good. It's a got a strong base and the upside potential is a couple of hundred pounds," one trader said.

At the London Metal Exchange three months COPPER hit a 16-month peak of $2,335 a tonne in the morning, underpinned by speculative buying, fund interest and short-covering. But profit-taking set in and the price was trimmed to $2,296.50, up $19.50 on balance. Most other LME contracts lost early gains.

Compiled from Reuter

LME WAREHOUSE STOCKS
(As at Monday's close)
tonnes

Aluminium	-1,725	to 2,653,300
Aluminium alloy	-560	to 34,680
Copper	-3,200	to 396,525
Lead	-300	to 350,025
Nickel	-324	to 131,948
Zinc	+3,425	to 1,168,275
Tin	+640	to 28,095

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1342-3	1372-3
Previous	1346.5-7.5	1376-6.5
High/low	1359/1349	1388/1367
AM Official	1349-50	1379-9.5
Kerb close		1370-1
Open int.	251,940	
Total daily turnover	40,084	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1345-55	1350-55
Previous	1340-50	1355-60
High/low		1357
AM Official	1352-62	1357-62
Kerb close		1355-60
Open int.	3,628	
Total daily turnover	745	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	486.5-7.5	504-5
Previous	484.5-5.5	502-3
High/low		516/495
AM Official	492-3	509.5-10
Kerb close		505-6
Open int.	36,835	
Total daily turnover	6,783	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6630-40	6720-30
Previous	6670-5	6758-60
High/low		6930/6680
AM Official	6700-05	6795-800
Kerb close		6690-700
Open int.	52,677	
Total daily turnover	14,902	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5555-65	5630-35
Previous	5590-600	5666-75
High/low		5780/5590
AM Official	5630-31	5710-15
Kerb close		5625-30
Open int.	16,528	
Total daily turnover	3,634	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	968.5-9.5	994.5-5.0
Previous	974.5-5.5	999-1000
High/low	971	1006/988
AM Official	970.5-71	996-7
Kerb close		992-3
Open int.	102,076	
Total daily turnover	17,950	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2256-8	2296-7
Previous	2278-80	2276-8
High/low	2320/2318	2335/2284
AM Official	2320-20.5	2320-21
Kerb close		2288-9
Open int.	211,443	
Total daily turnover	75,097	

■ LME AM Official £/$ rate: 1.5061
LME Closing £/$ rate: 1.5065

Spot:1.5053 3 mths:1.5033 6 mths:1.5025 9 mths:1.5020

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	Low	Open int	Vol
May	106.00	-0.90	108.00	105.60	1,507	16
Jun	105.75	-0.85	107.20	105.90	1,148	2
Jul	106.55	-0.80	107.75	104.80	39,891	282
Aug	104.90	-0.80	-	-	494	2
Sep	104.20	-0.45	105.80	103.40	8,974	1800
Oct	103.50	-0.25	-	-	229	15
Total					62,583	2,466

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	386.00-386.50	
Opening	387.35-387.75	
Morning fix	388.10	257.651
Afternoon fix	388.00	257.380
Day's High	389.60-389.00	
Day's Low	386.00-386.50	
Previous close	387.50-388.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month .... 4.01 6 months 4.41
2 months .... 4.09 12 months 4.90
3 months 4.18

Silver Fix	p/troy oz.	US cts equiv.
Spot	380.75	573.00
3 months	385.30	579.10
6 months	390.25	586.15
1 year	401.20	602.05

Gold Coins	$ price	£ equiv.
Krugerrand	393-396	261-264
Maple Leaf	399.40-400.95	-
New Sovereign	91-94	60-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
May	387.1	-2.5	-	-	1	2
Jun	387.3	-2.6	389.1	385.5	64,316	45,413
Jul	388.8	-2.6	-	-	-	-
Aug	390.3	-2.6	392.0	386.5	36,160	12,114
Oct	393.5	-2.6	395.5	392.5	5,114	297
Dec	396.9	-2.6	399.0	395.5	18,212	2,468
Total					155,964	62,793

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	407.8	-3.8	413.0	406.8	17,372	4,236
Oct	410.7	-3.8	415.0	409.0	4,187	137
Jan	412.9	-3.8	415.5	414.0	1,046	10
Apr	414.9	-3.8	417.0	416.0	1,067	-
Total					23,672	4,383

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	137.80	-0.60	139.00	137.50	1,977	423
Sep	138.25	-0.60	139.50	136.00	2,799	426
Dec	138.50	-0.35	139.00	138.00	645	-
Mar	138.50	-0.35	-	-	6	-
Total					5,427	851

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
May	558.7	-16.4	569.0	562.5	129	15
Jun	559.9	-16.5	-	-	3	1
Jul	562.5	-16.5	573.5	556.5	87,597	26,561
Sep	567.6	-16.6	580.5	561.0	10,033	848
Dec	575.5	-16.5	586.0	568.5	15,812	2,552
Jan	577.2	-16.5	-	-	32	-
Total					128,135	30,741

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jul	17.89	-0.17	18.03	17.82	119,596	8,399
Aug	17.61	-0.16	17.76	17.58	51,813	60,557
Sep	17.48	-0.13	17.54	17.46	30,949	24,576
Oct	17.39	-0.13	17.46	17.39	21,971	8,891
Nov	17.37	-0.10	17.40	17.37	13,665	3,622
Dec	17.33	-0.11	17.39	17.33	28,310	2,860
Total					401,202	118,414

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jul	16.33	-0.08	16.40	16.26	64,464	24,630
Aug	16.20	-0.11	16.27	16.16	33,216	7,344
Sep	16.13	-0.10	16.17	16.09	12,972	3,381
Oct	16.09	-0.10	16.13	16.05	7,769	703
Nov	16.06	-0.10	16.06	16.04	5,046	497
Dec	16.04	-0.12	16.10	16.02	6,034	1,369
Total					134,676	38,761

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	47.55	-0.36	47.90	47.55	26,400	12,147
Jul	48.05	-0.30	48.45	48.00	34,805	8,032
Aug	48.70	-0.40	49.10	48.65	14,044	2,460
Sep	49.75	-0.25	50.00	49.65	10,957	778
Oct	50.75	-0.15	50.75	50.75	6,845	216
Nov	51.70	-0.10	51.70	51.70	5,345	172
Total					134,668	27,033

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	150.00	-3.00	151.75	150.00	25,737	6,924
Jul	151.25	-2.50	152.50	151.00	19,006	2,868
Aug	152.50	-2.75	153.75	152.50	8,564	340
Sep	154.75	-2.25	155.75	154.50	6,497	539
Oct	157.25	-2.25	158.00	157.25	6,448	136
Nov	159.25	-2.50	159.25	159.25	3,682	20
Total					89,270	10,870

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Jul	1.938	-	1.950	1.926	24,478	11,480
Aug	2.000	+0.002	2.010	1.995	13,113	2,801
Sep	2.045	+0.006	2.060	2.043	13,100	1,993
Oct	2.098	+0.002	2.115	2.095	8,873	644
Nov	2.200	+0.002	2.205	2.190	10,248	515
Dec	2.303	+0.002	2.310	2.303	14,594	1,392
Total					120,372	44,576

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	51.60	-0.61	52.20	51.55	27,094	12,682
Jul	51.95	-0.44	52.35	51.80	34,970	12,213
Aug	51.90	-0.47	52.20	51.90	14,992	3,807
Sep	51.35	-0.54	51.75	51.35	10,988	696
Oct	49.85	-0.44	50.10	49.85	3,287	95
Nov	48.70	-0.64	49.10	48.70	2,595	218
Total					95,940	30,139

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	114.15	+0.55	114.00	113.25	832	47
Sep	99.15	-0.50	99.75	99.50	516	5
Nov	100.20	-0.45	100.25	100.20	1,816	29
Jan	102.15	-0.50	102.75	102.15	1,194	21
Mar	103.65	-0.60	-	-	357	-
May	105.65	-0.55	105.80	105.75	208	19
Total					4,723	121

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	329/6	-7/0	335/0	328/0	138,565	66,935
Sep	335/6	-5/6	340/4	334/4	42,025	10,310
Dec	347/0	-6/4	351/2	346/4	49,975	15,370
Mar	350/6	-6/2	355/0	350/4	3,945	675
May	346/0	-5/0	350/4	346/0	250	-
Jul	320/0	-7/0	322/0	320/0	790	165
Total					235,570	93,455

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	267/2	-8/0	270/0	266/2	646,720	188,485
Sep	264/4	-7/6	267/4	263/4	172,150	26,815
Dec	258/6	-8/6	262/4	257/4	438,205	165,870
Mar	265/2	-8/0	269/0	263/4	47,010	13,725
May	269/4	-7/4	272/2	269/4	5,210	1,625
Jul	271/0	-7/2	274/0	270/0	13,275	4,350
Total					1,335M	404,919

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	99.00	-	-	-	170	-
Nov	100.25	-0.25	100.50	100.00	275	40
Jan	101.25	-	-	-	30	-
Mar	102.85	-	-	-	10	-
May	104.85	-	-	-	5	-
Total					490	40

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	695/0	-37/2	713/0	693/0	343,015	237,350
Aug	691/2	-37/0	709/0	690/4	75,845	22,375
Sep	672/2	-36/2	689/0	672/0	42,900	4,680
Nov	659/0	-34/2	678/0	657/0	267,130	141,925
Jan	664/4	-33/2	680/0	664/0	24,000	6,070
Mar	669/0	-33/2	684/4	669/0	9,725	2,560
Total					781,285	424,335

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	29.23	-1.28	29.87	29.10	49,206	8,276
Aug	29.17	-1.19	29.70	29.00	15,333	2,512
Sep	28.90	-1.22	29.45	28.75	10,253	1,739
Oct	28.02	-1.41	28.75	28.00	7,493	568
Dec	27.49	-1.30	28.15	27.45	20,325	2,771
Jan	27.33	-1.21	27.90	27.30	3,110	92
Total					187,972	16,377

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	197.4	-9.9	203.0	196.5	35,975	19,808
Aug	196.2	-10.1	202.0	195.5	16,281	5,563
Sep	194.8	-9.7	200.0	194.0	9,473	2,175
Oct	192.2	-9.8	197.8	192.0	6,239	1,569
Dec	191.9	-9.6	197.0	191.5	18,146	10,091
Jan	191.5	-10.0	197.0	191.5	1,529	181
Total					88,508	38,457

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	260.0	-	-	-	2	336
Nov	90.0	-	-	-	-	-
Mar	105.0	-	-	-	-	27
Apr	130.0	-0.5	128.0	125.5	639	639
May	140.0	-	-	-	-	-
Jun	107.5	-	-	-	-	-
Total					639	86

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
May	1475	-5	1480	1475	861	89
Jun	1310	-20	1330	1310	745	39
Jul	1222	-10	1225	1225	738	16
Oct	1296	-2	1295	1295	380	21
Jan	1318	-7	1320	1320	205	2
Apr	1350	-10	1350	1350	88	10
Total					3,157	197

	Close	Prev
BFI	1498	1500

Minor Metals
European free market, from Metal Bulletin. $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.6%, $ per tonne, 2,600-2,800 (2,600-2,700). Bismuth: min. 99.99%, tonne lots 2.25-2.40. Cadmium: min. 99.5%, 75-85 cents a pound. Cobalt: MB free market, 99.8%, 24.50-25.50 (24.20-25.20); 99.3%, 19.50-20.25 (19.15-19.80). Mercury: min. 99.99%, $ per 76 lb flask, 100-120 (100-110). Molybdenum: drummed molybdic oxide, 3.20-3.30. Selenium: min 99.5%, 3.50-4.55. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO$_3$, cif, 33-45. Vanadium: min. 98%, cif, 1.40-1.50. Uranium: Nuexco exchange value, 7.00.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	1048	+70	1053	1023	30	255
Jul	1066	+68	1085	1030	20,101	9,402
Sep	1083	+66	1102	1063	15,120	7,288
Dec	1099	+60	1122	1085	25,410	5,423
Mar	1122	+62	1142	1106	28,252	3,382
May	1135	+59	1155	1130	10,630	334
Total					110,743	26,481

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	1378	-19	1466	1370	39,717	18,473
Sep	1405	-10	1485	1395	19,235	4,940
Dec	1434	+15	1507	1422	8,563	1,205
Mar	1467	+15	1540	1455	10,642	251
May	1499	+15	1570	1550	4,926	38
Jul	1521	+15	1593	1550	2,810	65
Total					87,404	24,972

■ COCOA (ICCO) (SDR's/tonne)

May 23	Price	Prev. day
Daily	N/A	N/A
10 day average	N/A	N/A

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	2353	+30	2495	2400	493	88
Jul	2348	+52	2480	2350	13,064	2,606
Sep	2322	+56	2430	2320	15,714	2,963
Nov	2294	+59	2388	2295	5,668	495
Jan	2273	+58	2365	2272	6,422	618
Mar	2220	+65	2310	2230	2,424	298
Total					43,877	7,968

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	133.10	-5.95	146.50	128.00	26,032	7,762
Sep	130.95	-5.70	141.80	128.00	15,212	2,998
Dec	127.45	-3.80	137.25	125.25	10,637	913
Mar	125.75	-2.25	134.00	122.00	5,375	434
May	124.00	-3.25	133.25	124.00	658	204
Jul	123.00	-3.25	130.00	130.00	91	11
Total					58,033	12,337

■ COFFEE (ICO) (US cents/pound)

May 23	Price	Prev. day
Comp. daily	126.48	120.24
15 day average	107.02	104.36

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	12.20	-0.28	12.48	12.48	2,619	75
Oct	12.39	-0.14	-	-	896	-
Jan	11.82	-	-	-	-	-
Mar	11.96	-0.17	-	-	60	-
Total					3,475	75

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	348.30	-2.50	353.80	346.50	11,534	1,670
Oct	328.30	-2.00	332.50	327.00	8,544	488
Dec	317.30	-2.30	319.70	317.00	664	17
Mar	316.00	-1.80	318.80	315.50	1,740	105
May	316.00	-1.50	-	-	205	-
Aug	318.10	-1.00	-	-	235	-
Total					22,989	2,280

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	11.93	-0.24	12.28	11.90	48,233	13,789
Oct	12.12	-0.20	12.40	12.08	49,429	10,629
Mar	11.80	-0.15	12.00	11.79	21,856	2,841
May	11.77	-0.12	11.95	11.81	3,400	342
Jul	11.75	-0.03	-	-	1,415	53
Oct	11.68	-0.03	11.70	11.70	640	77
Total					126,012	27,711

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	83.68	-0.13	84.15	83.00	21,922	3,820
Oct	76.62	+0.27	77.00	76.25	5,761	248
Dec	75.36	+0.12	75.50	74.90	21,493	1,911
Mar	76.22	+0.06	76.30	75.89	2,658	163
May	76.69	-	76.30	76.30	1,403	27
Jul	76.83	-0.12	76.80	76.75	207	10
Total					53,471	6,180

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	96.85	+2.75	97.20	93.00	13,964	561
Sep	99.70	+3.05	99.75	95.70	3,652	308
Nov	100.35	+2.70	100.50	96.80	1,289	7
Jan	101.95	+2.95	101.50	98.00	2,485	38
Mar	102.80	+2.75	102.80	99.75	796	83
May	104.80	+2.75	-	-	24	-
Total					22,214	1,017

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

May 24	May 23	month ago	year ago
2004.5	1971.8	1832.1	1670.5

■ CRB Futures (Base: 4/6/56=100)

May 23	May 20	month ago	year ago
238.36	233.69	222.29	209.28

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	63.975	-0.450	65.275	63.650	24,734	9,210
Aug	64.825	-0.500	65.825	64.500	22,076	6,782
Oct	67.400	-0.325	68.300	67.250	12,840	3,679
Dec	68.900	-0.125	69.450	68.600	9,146	2,384
Feb	69.600	-	70.050	69.525	5,197	482
Apr	71.200	-0.050	71.425	71.000	2,686	416
Total					77,184	22,966

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	48.225	-1.375	49.475	48.150	10,283	2,812
Jul	48.800	-1.150	50.000	48.750	9,312	1,811
Aug	47.300	-1.125	48.350	47.125	4,372	1,162
Oct	43.575	-0.800	44.500	43.550	2,742	321
Dec	44.575	-0.650	45.100	44.300	2,842	347
Feb	44.425	-0.725	45.100	44.250	618	26
Total					30,584	6,520

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jul	43.400	-2.000	45.400	43.400	5,846	2,189
Aug	42.050	-1.975	44.025	42.025	1,950	554
Feb	52.075	-1.200	53.275	51.700	257	76
Mar	51.400	-1.225	51.700	51.200	24	5
May	54.500	-0.300	-	53.700	29	4
Jul	54.000	-	-	-	1	1
Total					8,057	2,819

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Aug	Nov	Aug	Nov
1325	70	102	28	37
1375	43	74	49	58
1425	24	52	79	84
■ COPPER (Grade A) LME	Aug	Nov	Aug	Nov
2200	134	125	44	77
2250	104	100	63	100
2300	78	79	87	128
■ COFFEE LCE	Jul	Sep	Jul	Sep
1800	554	571	6	49
1850	507	532	9	60
1900	461	495	13	73
■ COCOA LCE	Jul	Sep	Jul	Sep
900	166	186	-	3
925	141	163	-	5
950	117	141	1	8
■ BRENT CRUDE IPE	Jul	Aug	Jul	Aug
1500	-	-	3	17
1550	-	-	8	26
1600	54	-	22	48

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jul)

		+or-
Dubai	$15.05-5.10w	-0.09
Brent Blend (dated)	$16.52-6.56	-0.10
Brent Blend (Jul)	$16.39-6.41	-0.09
W.T.I. (1pm est)	$18.00-8.02w	-0.06

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$181-183	
Gas Oil	$148-150	-3
Heavy Fuel Oil	$83-85	-2
Naphtha	$157-159	-1
Jet Fuel	$160-161	-3

Petroleum Argus Estimates

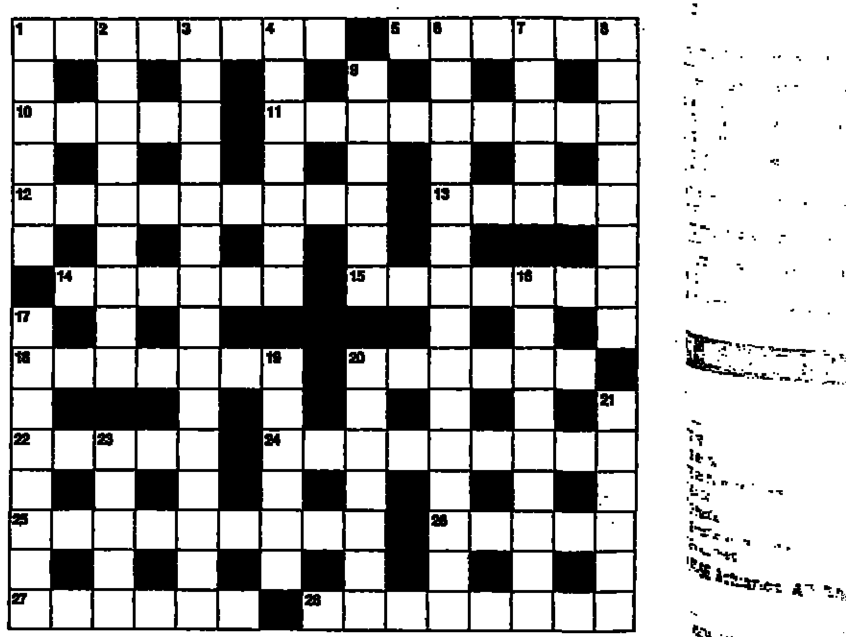
■ OTHER

Gold (per troy oz)♣	$386.25	-1.50
Silver (per troy oz)♣	564.50c	-4.00
Platinum (per troy oz.)	$407.50	+1.40
Palladium (per troy oz.)	$137.50	+0.85
Copper (US prod.)	111.00c	+4.0
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.40r	+0.06
Tin (New York)	257.50c	-4.0
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	127.24p	+0.28*
Sheep (live weight)†♠	132.75p	-15.54*
Pigs (live weight)	85.57p	+4.65*
Lon. day sugar (raw)	$282.2	+5.7
Lon. day sugar (wte)	$362.0	+5.0
Tate & Lyle export	£306.0	+4.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£140.0	
Wheat (US Dark North)	£185.0	
Rubber (Jun)♥	70.75p	
Rubber (Jul)♥	71.00p	
Rubber(KL RSS No1 Jun)	253.00m	-1.50
Coconut Oil (Phil)§	$605.0y	+5.0
Palm Oil (Malay.)§	$505.0y	-5.0
Copra (Phil)§	$397.0	-13
Soyabeans (US)	£195.0z	+2
Cotton Outlook A Index	86.80c	
Wooltops (64s Super)	426p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Jun/Jul. y Jun. w Jul. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

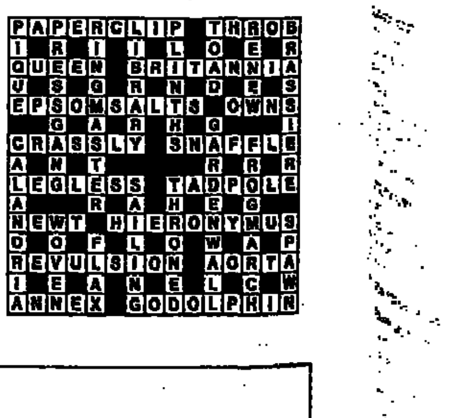
No.8,462 Set by DANTE



ACROSS
1 Necklines that may bring out whistles (8)
5 Did not see, but heard, the spray (6)
10 Appropriate ceremonial form in speech (5)
11 Van drivers warning on the promenade (9)
12 Artisan, one involved in a craftier organisation (9)
13 They have a central meeting place (5)
14 It gives point to work in the theatre (6)
15 Drag along to wild parties (7)
18 Make about a thousand to burn (7)
20 Exchanged abuse with a guard, apparently (6)
22 Unusual romance (5)
24 Overtime for a publican? (9)
25 Lay preacher? (9)
26 Samuel's teacher turns to George (5)
27 Excitement created by man overboard? (6)
28 Distressed at the end of the school term (6,2)

DOWN
1 Cow-catcher (6)
2 I get tea on free treat (9)
3 Substitutes for missing members (10,5)
4 Loss of business (7)
6 Where to obtain counter-intelligence? (11,4)
7 Weapon finishes what you are doing (5)
8 Assigned a job and given full instruction (8)
9 Where the ark went fast (6)
16 I conspire to perfection (9)
17 Cast one's eyes over neckwear and knickers (8)
19 Team the French enter late in the day (6)
20 A muscle unaffected by elevation (7)
21 How to march on foot (6)
23 In the Oval perhaps a century wins such acclaim (5)

Solution 8,461



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie 3,100 lost again on interest rate worries

By Terry Byland,
UK Stock Market Editor

The London equity market, badly upset by weakness in US securities overnight, made only very little recovery in late dealings yesterday despite a brighter opening in both the Dow Average and New York Federal bonds.

The final reading showed the FT-SE Index down 19.3 at 3,089.1, only three points above the day's low. London was following the closing trend in other European centres where bonds extended earlier losses ahead of the money market repo auction at the Bundesbank today.

The equity market remained nervous over the outlook for inflation and for interest rates, and followed the downturn in German and French markets as they returned from the Whit Monday break to react sharply to comments from the president of the Bundesbank which had been interpreted as indicating that falls in German interest rates would now be reined in.

At the same time, the tumble in New York bonds reinforced fears by many London analysts, including Mr Nicholas Knight of Nomura Research, that the Federal Reserve might still tighten credit policy further, even after last week's decisive action.

Share prices hung fire at first in London, which had made its response to the Bundesbank interest rate warning on Monday when other leading European markets were closed. The Footsie clung on to the important 3,100 benchmark for the first hour but then turned sharply downwards as US trading houses began to sell the stock index future.

Account Dealing Dates

*First Dealings: May 16		Jun 6	Jun 20
Option Declarations: Jun 2		Jun 16	Jun 30
Last Dealings: Jun 3		Jun 17	Jul 1
Account Day: Jun 13		Jun 27	Jul 11

*New time dealings may take place from two business days earlier.

The slide deepened as markets absorbed news that German M3 money supply had continued to grow well outside the Bundesbank preferred range in April. After a brief pause, the setback was renewed as London waited nervously for New York to open.

When the Dow Average came in higher, showing a 16 point gain in early trading, London tried to rally. But shares turned down again when UK government bonds extended losses to close more than a point down at the long end of the range.

Confidence was not helped by company trading reports. Shares in Marks and Spencer fell heavily despite record profits as the monarch of the UK high street retailers warned of tough competitive conditions in Europe and uncertainty over the UK consumer recovery.

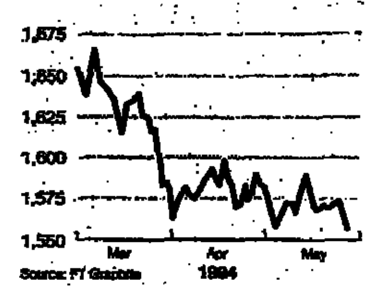
Trading volume was not heavy, however, with only 555.7m shares traded through the Seaq electronic network. On Monday, when London volume was curbed by the closure of most European markets, 417.1m shares traded through Seaq, returning a retail worth of only £983.6m, one of the lowest daily totals for the year.

The FT-SE Mid 250 Index, the measuring rod of the broader market which has been falling steadily for the past fortnight, shed a further 17.9 to 3,691.4.

Investors clearly remained cautious as the market moved into a week somewhat lacking in economic pointers from the leading economies. US bond markets face a series of federal fund raisings this week, but economic data will be thin until next week when US leading indicators, unemployment and personal expenditure figures are due.

London analysts were hoping last night that US markets, and also the dollar, would continue to respond favourably to the resumption of the US – Japan trade talks which was announced just before London closed yesterday.

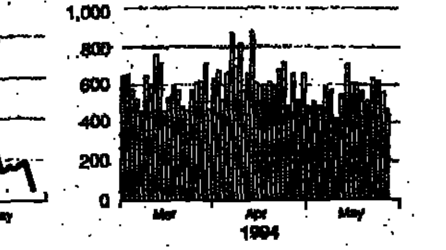
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3089.1	-19.3	FT Ordinary Index	2445.9	-14.0
FT-SE Mid 250	3691.4	-17.9	FT-SE-A Non Fins p/e	19.89	(20.04)
FT-SE-A 350	1565.3	-9.3	FT-SE 100 Fut Jun	3097.0	+7.0
FT-SE-A All-Share	1557.82	-8.98	10 yr Gilt yield	8.17	(8.03)
FT-SE-A All-Share yield	3.76	(3.74)	Long gilt/equity yld ratio:	2.22	(2.20)

Best performing sectors		Worst performing sectors	
1 Water	+1.7	1 Distributors	-2.1
2 Life Assurance	+0.5	2 Leisure & Hotels	-1.8
3 Pharmaceuticals	+0.4	3 Merchant Banks	-1.8
4 Electricity	+0.4	4 Retailers, General	-1.3
5 Other Services & Bsns	+0.2	5 Printing, Paper & Pckg	-1.3

Inflation worries hit M&S

Disappointing headline results from Marks and Spencer, together with a cautious statement, saw the shares fall in busy turnover of 8.5m yesterday. Profits of £851.5m compared with forecasts of £865m contained a surprise increase in the pension contribution. Otherwise analysts declared themselves fairly satisfied with the underlying performance.

But the shares closed 11¼ off at 413p as some investors took their cue from Marks' remarks that cost price inflation is returning to the retail market. "Some institutions think they might have a racier ride in some of the more undervalued and risky stores stocks," said one dealer. Analysts kept their 1995 forecasts in the £940m to £960m range, although a number did lower their performance rating in the light of the company statement.

Telegraph deal

Shares in the The Telegraph, the London-based daily and Sunday newspaper group, fell sharply to close 17 off at 571p as the Seaq ticker revealed that various blocks of shares, amounting to around 4.3m shares, had been sold into the market at 570p.

The shares represented the rump of the big bought deal carried out jointly last week by Cazenove and Goldman Sachs in which Mr Conrad Black's Hollinger Group reduced its holding in the Telegraph group from 66.2 per cent to 56.95 per cent. Earlier yesterday the Seaq ticker revealed that Hollinger's 12.5m shares had originally been sold to Cazenove/Goldman Sachs at 587p a share.

It had previously been believed that Cazenove/Goldmans had placed the majority of the Hollinger shares last Thursday.

Thorn EMI weakens

Shares in *Thorn EMI* tumbled 29 to 1068p as it reported full-year profits of £326.5m against market forecasts of between £330m and £340m. Leisure analysts were also perturbed by growth prospects in the music division and also in the dividend policy. Forecasts were reined in by around 10 per cent to the £400m-mark for 1995, with several brokers also downgrading their stance on the stock.

Mr Geoff Collyer at NatWest Markets, who retained his long-term positive position, said that the stock was also suffering from profit-taking after its good run this year, fuelled in part by the publicity over multimedia.

The two Scottish generators showed the rest of the electricity/generator sector a clean pair of heels as ther market picked up hints that the National Grid is to allow the two Scottish generators, Hydro and Power, to export electricity to England and Wales on a basis highly favourable to the Scots generators.

Mr Douglas Falconer, a utilities specialist at Yamaichi, the Japanese-owned stockbroker, said the news was a strong bull point for the Scottish stocks which were among his best buys in the sector.

Water shares, meanwhile, extended their recent strong performance, reflecting persistent hints around the market that the preliminary "K factors" indicated to the companies by OfWat, the industry regulator last Friday, may have been better than the companies expected. Analysts warned, however, that the negotiating process over the K factors will be hard fought and not revealed until late July.

The second line water stocks attracted much of the buying interest with Yorkshire, the sector's best performer on Monday, jumping 13 more to 526p. Welsh added 18 at 629p, Wessex 14 at 634p and Northumbrian the same to 573p.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (34).
BLDG MATLS & MCHTS (2) Baggeridge Brick, Johnston, **CHEMICALS (1)** European Colour, **DISTRIBUTORS (1)** Acal, **DIVERSIFIED INDLS (1)** Western Mining, **ELECTRNC & ELECT EQUP (1)** CML Microsystems, **ENGINEERING (3)** Forum, Optometrics, Symonds, **EXTRACTIVE INDS (2)** Kidston Gold, MIM, **HEALTH CARE (1)** Arjo AB, **INVESTMENT COMPANIES (2) LEISURE & HOTELS (1)** Fairline Boats, **MEDIA (1)** Metro Radio, **OIL, INTEGRATED (2)** Burmah, Petrofina, **PRTNG, PAPER & PACKG (1)** Wyndeham Press, **RETAILERS, FOOD (3) RETAILERS, GENERAL (1) SUPPORT SERVS (1)** MMT, **TRANSPORT (1).**
NEW LOWS (107).
GILTS (3) BREWERIES (1) Greene King, **BUILDING & CNSTRN (3) BLDG MATLS & MCHTS (1)** Tarmac, **CHEMICALS (2)** Cambridge Isotope, Cementone, **DISTRIBUTORS (5)** Davenport Vernon, Diploma, Elect'comps., Farnell, Inchcape, **DIVERSIFIED INDLS (2) ELECTRNC & ELECT EQUP (3) ENGINEERING (4)** Black & Decker, Eadie, Oxford Instrs., Siebe, **EXTRACTIVE INDS (2) FOOD MANUF (3) HEALTH CARE (4)** Amersham Intl., Haemocell, Life Sciences, Nestor-BNA, **HOUSEHOLD GOODS (2) INSURANCE (4)** GRE, Sturge, Sun Alliance, Willis Corroon, **INVESTMENT TRUSTS (20) INVESTMENT COMPANIES (1) LEISURE & HOTELS (1)** Granada, **LIFE ASSURANCE (1)** Refuge, **MEDIA (2) MERCHANT BANKS (3) OTHER FINANCIAL (2)** Provident Financial, Union, **PRTNG, PAPER & PACKG (4)** Crest Packaging, De La Rue, Field, Plysu, **PROPERTY (6) RETAILERS, FOOD (4) RETAILERS, GENERAL (7)** Alexon, Betterware, Cantors, Christies Int'l., GS, Sothebys, WEW, **SUPPORT SERVS (2)** Macro 4, Microgen, **TEXTILES & APPAREL (3)** Hartstone, Richards, Sirdar, **TOBACCO (1) TRANSPORT (5) AMERICANS (3) CANADIANS (4).**

Severn Trent was the FT-SE 100's best individual performer, the shares racing up 11 to 518p. North West Water, reporting this morning and expected to announce an eight per cent increase in the dividend total, put on 10 to 520p.

Services and marketing group Inchcape tumbled after the chairman warned that first half profits for the current year would be down on the same period a year earlier.

The company blamed effects of a strong yen and the downturn in European car markets, along with other factors, for the decline.

The shares extended an earlier decline and were down 26 at the day's worst before steadying to finish 21 down at 499p, a six-month low for the stock.

Dealers saw some consolation in the chairman's optimism over second half trading, which he said should enable maintainance of year-on-year profit growth.

However My Nyran Scott-Malden at BZW said the decline in the share price was "overdone given that this is what we expected for the first half".

Granada was once again undermined by persistent talk suggesting problems over the merger with LWT. The shares retreated 9 to 508p. Ladbroke suffered for a second session following its bearish agm statement on Monday. The shares slid 7 to 175½p. Forte, on the other hand, was the one bright light in a maligned leisure sector, adding 4 to 236p on turnover of 2.3m, following a positive agm the same day. Results from Fairline Boats helped the shares jump 40 to 435p.

Negative comment on Betterware results on Monday saw the shares come off 14 to 109p. Burton Group was said to be one beneficiary of switching out of M&S, the shares edging up three-quarters to 59p. Great Universal Stores held up, slipping just a penny to 613p, on renewed hopes of an imminent share buy-back.

Strong two-way trading in business services group BET after it reported a return to profit, brought turnover of 9.3m. The shares closed unchanged at 130½p.

A stock overhang was reported in both British Aerospace and GKN. The former eased 7 to 473p, and the latter shed 12 to 588p.

A profits warning from parcel delivery group United Carriers sent the shares falling sharply. They finished 33 off at 115p.

News that Stena-Sealink has cut its cross-channel ferry prices by 20 per cent weakened sentiment in rival ferry operator P&O. The shares gave up 18 to 651p, after trade of 3.4m.

International freight management company Ocean Group eased 14 to 273p, after a gloomy annual meeting at which the chairman repeated a warning on the uncertain outlook for 1994.

Bargain hunters for Channel tunnel operator Eurotunnel saw the shares bounce 5 to 360p, in healthy volume of 1.7m.

Favourable press comment for British Airways' results boosted trading in the stock. The shares appreciated 8¼ to 387½p, on volume of 6.9m.

MARKET REPORTERS:
Steve Thompson,
Christopher Price,
Joel Kibazo.

■ Other statistics, Page 22

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures remained in the doldrums as dealers reflected on weakness in bonds. Once again volumes in both futures and traded options remained low, *writes Joel Kibazo.*

The opening of the June contract on the FT-SE 100 was at 3,103 and initially gave some hope of an improvement on Monday's poor session. But those soon faded as active selling said to have been led by Goldman Sachs drove the contract lower.

The weakness in both UK and German bonds followed the release of worse than expected German M3 data and prompted further selling of the contract.

In the afternoon, the bounce on Wall Street failed to inspire a similar response in London, and the June contract again traded at the lower levels and continued leading the cash market down.

It finished at 3,077, down 8 on its previous finish but at at a 16 point discount to its fair value premium to cash of about minus 3 points. A slight recovery in after hours trading saw June end at 3,083. Volume at the close of business stood at 11,732 contracts.

Turnover in traded options remained poor though it improved on Monday's meagre levels. A total of 24,647 lots were traded of which 13,119 was in the FT-SE 100 option and 1,714 in the Euro FT-SE. Stock

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	3095.0	3077.0	-13.0	3102.0	3076.0	11732	50358
Sep	3100.0	3093.0	-12.5	3110.0	3097.0	864	4375
Dec	3119.0	3102.0	-14.0	3119.0	3119.0	50	201

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	3705.0	3670.0	-35.0	3705.0	3670.0	542	4352
Sep	3723.0	3687.0	-36.0	3723.0	3702.5	526	0

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun		3,875		3,895	3,885	120	891

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3090) £10 per full index point

	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P
Jun	198	5½	141	12	101½	21½	62	37½	36	60	18	93½	7½	136½	3	181½
Jul	201	18	160	27½	124½	41½	93	60	65½	83	45	113½	28½	149½	14	190½
Aug	224	35	186½	47½	149	61	119	81½	89½	103½	66	132½	48	164½	34½	202½
Sep	234	43	199½	57	166	73½	137	94½	108	116½	85½	145	63	174½	47	211
Dec†	288	76			204½	110½			147	150½			100	204½		

Calls 5,912 Puts 6,946

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Jun	168½	8½	115½	15½	79½	27½	47½	47	26	74½	11½	110½	5	152½	2	199½
Jul	178½	20½	141	33	108	47½	78	69½	53½	94½	36½	125½	22½	162½	14	203½
Aug	198½	35½	161½	49	129½	65½	101	86½	77	111½	57	141	41½	174½	39	212
Sep	213½	48			149	79			92½	123½			53	183		
Dec†	251½	79½			187	113			134	156			91	210½		

Calls 672 Puts 1,049 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3700	3750	3800	3850	3900	3950	4000	4050
June	13 22	1 65	112					

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	2,200	56¼	-¼
Abbey National†	2,900	403	-6
Albert Fisher	2,000	58	
Allied-Lyons†	2,400	587	-4
Anglian Water	889	499	+3
Argos	143	359	-2
Argyll Group†	1,700	248½	-1½
Arjo Wiggins†	949	278	-4
Assoc. Brit. Foods†	437	563	-2

FT - SE Actuaries Share Indices — The UK Series

	May 24	Day's chge%	May 23	May 20	May 19	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3089.1	-0.6	3108.4	3127.3	3122.8	2837.7	3.98	6.69	17.90	40.79	1149.50
FT-SE Mid 250	3691.4	-0.5	3709.3	3714.8	3713.5	3172.7	3.34	5.61	21.83	40.66	1356.04
FT-SE Mid 250 ex Inv Trusts	3700.7	-0.5	3719.4	3723.9	3723.5	3193.3	3.47	6.04	20.21	41.40	1365.32
FT-SE-A 350	1565.3	-0.6	1574.6	1582.4	1580.6	1416.2	3.83	6.43	18.65	19.87	1182.10
FT-SE SmallCap	1916.86	-0.3	1922.60	1923.48	1920.33	1612.53	2.90	4.16	29.53	19.16	1470.33
FT-SE SmallCap ex Inv Trusts	1891.39	-0.4	1898.22	1898.56	1896.00	1625.34	3.05	4.61	27.04	19.55	1454.65
FT-SE-A ALL-SHARE	1557.82	-0.6	1566.58	1573.88	1571.99	1402.83	3.76	6.27	19.16	19.48	1206.97

■ FT-SE Actuaries All-Share

	May 24	Day's chge%	May 23	May 20	May 19	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2707.52	-0.1	2709.05	2705.17	2708.30	2192.10	3.44	4.32	29.08	37.88	1075.91
12 Extractive Industries(4)	3906.96	-0.3	3920.59	3930.31	3944.79	3044.50	3.32	5.06	24.80	49.39	1066.19
15 Oil, Integrated(3)	2650.22	+0.1	2646.61	2637.91	2639.54	2122.00	3.47	4.47	27.80	40.43	1075.47
16 Oil Exploration & Prod(11)	2007.87	-1.3	2033.72	2049.57	2032.08	1891.10	3.35	1.23	80.00†	15.82	1150.90
20 GEN MANUFACTURERS(282)	2046.81	-0.8	2063.07	2073.54	2070.29	1771.20	3.67	4.41	28.26	24.87	1027.53
21 Building & Construction(31)	1272.88	-0.5	1279.41	1283.39	1270.52	1089.50	2.94	3.84	35.46	15.18	987.36
22 Building Matls & Merchs(30)	1978.00	-0.8	1993.30	2012.97	2005.30	1717.10	3.60	3.71	34.64	28.79	921.27
23 Chemicals(21)	2486.46	-0.5	2499.98	2515.27	2521.50	2116.00	3.70	4.50	27.88	28.39	1083.72
24 Diversified Industrials(16)	2072.12	-1.1	2094.38	2112.19	2108.80	1860.20	4.44	4.48	27.69	30.45	1041.58
25 Electronic & Elect Equip(34)	2102.70	-0.4	2110.18	2106.13	2081.71	1973.10	3.49	6.16	19.81	12.90	1006.27
26 Engineering(71)	1878.89	-0.7	1892.85	1894.05	1896.33	1502.50	2.88	3.93	31.41	20.11	1061.90
27 Engineering, Vehicles(12)	2288.64	-1.0	2311.87	2303.22	2343.45	1709.20	4.57	2.16	64.44	32.42	1094.63
28 Printing, Paper & Pckg(27)	2802.47	-1.3	2839.35	2871.24	2869.20	2297.90	2.96	5.10	23.51	29.45	1089.76
29 Textiles & Apparel(20)	1770.92	-0.2	1773.96	1776.13	1772.77	1829.70	3.93	5.65	22.86	26.05	992.84
30 CONSUMER GOODS(95)	2683.28	-0.3	2691.25	2708.32	2720.37	2690.20	4.36	7.68	15.16	44.49	909.90
31 Breweries(17)	2216.78	-1.3	2245.97	2268.16	2289.93	1944.60	4.25	7.61	16.14	13.83	973.45
32 Spirits, Wines & Ciders(10)	2954.89	-0.5	2968.89	2988.20	2991.93	2697.30	3.71	6.64	17.44	41.70	977.28
33 Food Manufacturers(23)	2279.99	-0.4	2289.82	2309.71	2309.64	2221.20	4.17	7.87	14.84	42.75	948.51
34 Household Goods(13)	2557.04	-0.5	2568.95	2581.63	2574.98	2188.70	3.43	7.06	16.95	40.74	911.04
36 Health Care(20)	1707.59	-1.2	1728.06	1735.28	1728.66	1664.00	3.23	5.86	21.00	19.00	980.03
37 Pharmaceuticals(11)	2752.17	+0.4	2739.95	2737.56	2763.74	3134.30	4.65	7.98	14.44	47.15	861.19
38 Tobacco(1)	3632.47	-0.6	3653.45	3737.34	3775.09	3620.10	5.80	9.38	12.17	102.35	808.88
40 SERVICES(220)	2001.62	-1.1	2023.32	2037.84	2039.51	1760.70	3.01	5.90	20.32	16.40	969.04
41 Distributors(31)	2889.39	-2.1	2952.61	2974.66	2985.68	2568.40	3.04	5.81	20.21	34.05	989.98
42 Leisure & Hotels(23)	2160.38	-1.8	2200.43	2238.79	2239.98	1733.30	3.37	4.28	27.40	19.42	1051.23
43 Media(39)	3045.88	-0.9	3074.71	3105.77	3104.37	2289.50	2.12	4.93	23.71	34.85	1050.35
44 Retailers, Food(17)	1637.91		1638.43	1657.46	1641.91	1902.30	3.88	9.80	12.91	13.72	960.34
45 Retailers, General(44)	1735.36	-1.3	1758.46	1762.96	1760.88	1472.50	2.89	5.90	20.98	11.14	912.36
48 Support Services(40)	1643.15	-0.7	1654.75	1664.14	1665.05	1489.40	2.34	7.19	15.74	9.98	986.50
49 Transport(16)	2350.07	-0.9	2371.00	2398.77	2408.91	2071.40	3.60	4.67	24.48	15.14	906.65
51 Other Services & Business(10)	1192.82	+0.2	1189.97	1192.78	1197.98	1229.30	4.49	2.29	80.00†	5.91	1009.45
60 UTILITIES(36)	2279.31	-0.1	2281.00	2287.36	2283.59	2111.00	4.47	8.24	15.21	14.53	858.72
62 Electricity(17)	2167.95	+0.4	2158.57	2171.07	2168.19	1712.10	3.93	11.87	10.75	15.86	875.60
64 Gas Distribution(2)	1882.84	-1.0	1901.76	1908.16	1892.18	1904.30	6.38	‡	‡	53.43	880.47
66 Telecommunications(4)	2023.69	-0.6	2036.73	2046.37	2011.10	1899.20	4.02	7.44	16.49	0.09	841.87
68 Water(13)	1786.43	+1.7	1757.20	1737.37	1719.50	1681.30	5.17	14.22	8.27	3.48	859.52
69 NON-FINANCIALS(631)	1687.89	-0.6	1697.16	1705.30	1703.87	1524.57	3.76	6.10	19.89	19.25	1173.85
70 FINANCIALS(102)	2166.41	-0.7	2181.70	2191.03	2184.78	1985.70	4.15	8.16	14.29	41.34	847.29
71 Banks(10)	2781.02	-0.8	2803.39	2811.67	2781.39	2442.20	3.89	8.33	13.95	59.07	823.63
73 Insurance(17)	1253.79	-1.1	1268.20	1282.45	1288.01	1270.50	5.12	11.50	9.71	27.84	847.24
74 Life Assurance(6)	2319.92	+0.5	2309.24	2332.03	2360.04	2542.00	6.39	7.90	15.56	86.39	880.70
75 Merchant Banks(6)	2858.34	-1.8	2909.32	2910.69	2907.32	2522.80	3.34	10.48	11.10	23.26	845.53
77 Other Financial(24)	1861.39	-0.2	1865.91	1868.48	1862.91	1413.90	3.58	6.46	18.59	20.16	977.96
79 Property(39)	1576.77	-0.5	1584.14	1585.96	1606.30	1346.40	3.87	3.95	31.77	10.39	885.31
80 INVESTMENT TRUSTS(122)	2622.00	-0.3	2630.90	2639.40	2632.52	2264.60	2.17	1.63	55.43	25.54	941.83
89 FT-SE-A ALL-SHARE(855)	1557.82	-0.6	1566.58	1573.88	1571.99	1402.83	3.76	6.27	19.16	19.48	1206.97

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3103.9	3105.2	3094.5	3094.2	3095.8	3088.2	3087.3	3090.8	3090.2	3105.7	3088.1
FT-SE Mid 250	3703.7	3703.5	3699.8	3697.3	3695.1	3691.8	3690.2	3692.5	3692.2	3703.7	3689.9
FT-SE-A 350	1572.3	1572.8	1568.3	1567.9	1568.2	1565.0	1564.5	1566.1	1565.8	1573.0	1564.1

Time of FT-SE 100 High 9.51am Low 1.46pm

■ FT-SE Actuaries 350 Industry baskets

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied-Lyons	540	51	56	–	8½	17	–
(*586)	589	16	28	–	31½	40½	–

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Hanson	260	11	15½	19	11½	16	19½
(*261)	280	4½	8½	11½	25	29	32

FT GOLD MINES INDEX

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	69	3
Other Fixed Interest	1	13	1
Mineral Extraction	66	59	76
General Manufacturers	83	214	387
Consumer Goods	23	72	96
Services	52	151	310
Utilities	28	10	8
Financials	35	147	195
Investment Trusts	19	126	325
Others	22	70	34
Totals	329	931	1415

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	May 23	Last Declarations	Sept 1
Last Dealings	June 1	For settlement	Sept 12

Calls: Com-Tek, Europe Energy, LBMS, Mirror Grp, Pelican, Racal Elec, UMECO. Puts: Europe Energy, Lucas Wts, Navan Res, Pelican, Smith New Ct. Puts & Calls: HSBC, M&G Recov Cap, Tarmac.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
–	F.P.	1.34	10	9	Abtrust Scot Wrts	10		–	–	–	–
–	F.P.	13.0	141	126	Capitol	141		LN3.3	1.8	2.9	23.5
‡r250	F.P.	183.6	249	245	DCC	246		LQ34%	3.8	2.7	12.8
110	F.P.	42.8	120	110	DRS Data & Res	120	+7	LN2.8	1.1	2.9	28.6
160	F.P.	60.1	171	160	GRT Bus	168		RN3.8	3.3	2.8	13.0
120	F.P.	40.7	128	122	Go-Ahead	122		MN4.0	1.6	4.1	18.5
–	F.P.	–	37½	36	Govett Gbl Sl Wt	37	–½	–	–	–	–
185	F.P.	42.5	186	180	Hamleys	186		W4.7	2.2	3.2	17.9
105	F.P.	85.2	105	100	Healthcall	100	-3	WN4.0	1.8	5.0	14.2
–	F.P.	–	96	92	Intl Biotech	92		–	–	–	–
–	F.P.	–	50	30	Do. Warrants	48		–	–	–	–
130	F.P.	71.1	138	122	Keller	127	-1	WNQ4.7	2.3	3.7	14.7
160	F.P.	57.7	163	158	Lombard Ins.	162		WN7.7	2.2	5.9	9.4
–	F.P.	2.81	16½	15½	Midland Assets	16½		–	–	–	–
–	F.P.	34.2	15	13¾	My Kinda Town	14¼		–	–	–	–
105	F.P.	50.9	113	105	Nightfreight	113	+1	R3.38	2.0	3.7	14.9
80	F.P.	27.3	87	67	Oxford Molecular	74		–	–	–	–
–	F.P.	280.7	131	118	Redrow	127	-2	WN2.7	2.5	2.7	16.1
–	F.P.	6.03	61	53	Secure Retirement	60		–	–	–	–
–	F.P.	29.4	133	128	Speciality Shops	133		L2.4	–	2.3	–
198	F.P.	12.6	261	198	Superscape VR	238		–	–	–	–
–	F.P.	60.0	100	100	TR Euro Gwth C	100		–	–	–	–
100	F.P.	43.9	95	91	Templeton Lat Am	95		–	–	–	–
–	F.P.	3.97	50	41	Do Wrts	43	-2	–	–	–	–
100	F.P.	54.9	103	99	Undervalued Asts	102¼		–	–	–	–
150	F.P.	41.2	160	154	Vymura	160		L4.44	2.2	3.5	15.5

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
27	Nil	22/6	7¼pm	4½pm	Babcock Intl	6¾pm	+1
105	Nil	8/7	18pm	18pm	Blagden Inds	18pm	
3	Nil	31/5	11½pm	6pm	‡Brackenbridge	10pm	+½
237	Nil	10/6	28pm	23pm	Clyde Blowers	23pm	-4
270	Nil	8/7	64pm	49pm	Compass	52pm	-5
500	Nil	26/5	63pm	34pm	Derwent Valley	34pm	
113½	Nil	28/6	3pm	1¼pm	Eaglet	3pm	+½
5	Nil	31/5	¾pm	½pm	Ferrum Hldgs	½pm	
80	Nil	4/7	11pm	11pm	Pelican	11pm	
24	Nil	–	12pm	10pm	Unit	12pm	+1
125	Nil	4/7	23pm	21pm	VTR	21pm	

FINANCIAL TIMES EQUITY INDICES

	May 24	May 23	May 20	May 19	May 18	Yr ago	*High	*Low
Ordinary Share	2445.9	2459.9	2473.0	2477.6	2464.5	2206.5	2713.6	2439.2
Ord. div. yield	4.12	4.06	4.03	4.03	4.05	4.24	4.12	3.43
Earn. yld. % full	5.65	5.51	5.47	5.48	5.50	6.15	5.66	3.82
P/E ratio net	18.99	19.42	19.55	19.58	19.46	19.90	33.49	18.89
P/E ratio nil	19.55	20.16	20.30	20.32	20.20	18.66	30.90	19.56

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2455.3	2455.9	2451.5	2451.5	2451.3	2445.1	2444.7	2448.4	2451.2	2456.4	2444.2

	May 24	May 23	May 20	May 19	May 18	Yr ago
SEAQ bargains	23,461	24,353	24,774	23,074	26,971	27,691
Equity turnover (£m)†	-	983.6	1376.7	1515.7	1662.7	1288.2
Equity bargains†	-	26,775	27,776	29,177	29,394	32,155
Shares traded (ml)†	-	493.8	586.4	626.9	636.9	529.3

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22¼	-⅛	£23¼	£21⅜	6,527	5.0	ϕ
ANZ A$		227½	-2½	278½	214¼	3,028	4.0	17.9
Abbey National	N☐	403	-6	523	385½	5,287	4.3	13.5
Allied Irish I£	♣N☐	260	-1	314	241	1,647	5.0	9.8
Anglo Irish I£	N☐	63	—	*70	53	182.4	8.3	9.4
Asahi Y		736¼	-15¾	759¼	626	17,087	0.7	–
Banco Bil Viz Pta		£15⅞	-½	£16⅞	£14⅞	3,876	5.2	7.2
Banco Sant Pta		£30⅛	—	£34⅛	£29⅞	3,968	4.5	ϕ
Bk Ireland I£	♣☐	260xd	—	*319	246	1,225	4.8	ϕ
Bank Scotland	♣qN☐	181xd	-4	247	180	2,108	3.5	14.8
9¼pc Pf		120xd	-1¼	141½	115⅝	120.0	8.8	–
9¾pc Pf		125½xd	-1	148½	122	125.5	8.7	–
Barclays	♣N☐	541	—	649	487	8,802	3.5	22.4
Dai Ichi Kan Y		£12⅞	-⅛	£12⅞	£10⅞	38,316	0.4	69.7
Deutsche DM		£301⅛	-6¼	£344¼	£297¼	14,351	2.0	–
Espirito Santo		£19⅞	-⅛	£26⅞	£18¼	209.1	4.1	4.7
First Nat Fin	N☐	76	—	*90	60	125.9	2.5	–
6.3pc Cv Pf		84	—	*90	77	5.65	9.4	–
7pc Cv Pf		148	-½	171	123	70.2	5.9	–
Fuji Bank Y		1513¼	-10¼	1549¼	1152½	43,833	0.4	–
HSBC HK	N☐	769	-3	1133	687	13,503	3.8	13.3
HSBC (75p Shs)	N☐	749xd	-7	1113	668	8,336	3.9	12.8
Lloyds	N☐	562	-3	660	532	7,206	4.9	11.9
Mitsubishi Y		£17⅝	-½	£19⅞	£16⅝	50,722	0.3	–
Mits Tst & Bk Y		1012½	-1¾	1046	687½	13,184	0.5	18.3
Mitsui Tst & Bk Y		801¼	+17¼	811¼	514	9,601	0.7	27.3
Nat Aust A$	†	580¼	-5½	620¼	537¼	7,880	4.1	14.0
NatWest	N☐	451½	-4½	522	434	7,513	5.1	10.3
Ottomane FFr		£25	—	£33	£25	125.8	5.6	ϕ
Ryl Bk Scotland	♣†N☐	471xd	-7	528	382½	3,275	3.6	18.8
Sakura Y		£9⅞	-⅛	£9⅞	£6⅞	30,494	0.6	57.3
Sanwa Y		£14⅞	-½	£15⅞	£11⅞	42,898	0.4	–
Standard Chartd	N☐	238½xd	-4½	*359¼	224	2,301	3.1	10.5
7 3/8pc Pf		94½	-1¼	108½	90¾	94.5	9.8	–
Sumitomo Y		£13⅞	-½	£16⅞	£11½	43,410	0.4	29.8
Sumitomo Tst Y		1008	+5¼	1008½	625	12,613	0.5	78.9
TSB	N☐	219½	-2½	291	206	3,368	4.4	15.0
Tokai Y		£8⅞	-⅛	£8⅞	£6⅞	17,553	0.6	57.8
Toyo Tst & Bk Y		731½	-4½	764½	588¼	5,749	0.7	65.3
Westpac A$		242	-4	280	207	4,242	2.3	ϕ
Yasuda Tst Bk Y	‡	585½	+½	634¼	442	6,458	0.8	62.2

CHEMICALS

	Notes	Price	+ or -	1994 High	low	Mkt Cap£m	Yld Gr's	P/E
AGA SKr		£23⅞	-⅞	£24⅞	£21⅞	707.8	2.8	ϕ
Akzo Fl		£75⅞	-1⅛	£81⅞	£65½	3,460	3.1	20.2
Allied Colloids	†N☐	262	-5	266	231	680.1	2.1	24.1
Amber Ind	†N	705	—	746	705	27.8	3.4	16.1
BASF DM		£129⅞	-2⅞	£136½	£105⅞	7,685	3.4	–
BOC	♣N☐	728	-5	746	627	3,472	4.0	30.2
BTP	♣†N☐	337	—	*373	304	453.3	3.5	27.1
Bayer DM		£146⅞	-5⅞	£156⅞	£129⅞	9,984	2.9	–
Brent	N☐	124	-3	131	98	83.7	4.0	–
British Vita	N☐	268	-4	308	244	577.4	3.5	22.6
Cambridge Iso $		19	-3	25	18	2.48	–	–
Canning (W)	♣N☐	180xd	—	189	153	83.6	4.8	32.0
Cementone	♣N	80	-16	109	80	17.8	4.3	36.2
Warrants		32	-9	48	28	0.28	–	–
Courtaulds	†N☐	527	-4	590	470	2,118	3.4	13.2
Croda	N☐	359xd	-1	384	327½	473.9	2.8	18.3
Doeflex	♣N	128xd	—	133	109	19.2	4.6	14.2
Engelhard $		£17⅞	+⅞	£20⅞	£15⅞	1,895	1.7	–
European Colour	♣†☐	61½	+3	62	35½	15.5	2.1	24.7
Gibbon Lyons		141	—	149	140	12.8	4.6	15.9
Hickson	♣N☐	189xd	-1	223	174	345.6	5.0	19.2
Hoechst DM		£141⅝	-2⅞	£146⅞	£108⅞	8,373	2.8	–
Holliday Chemical		221xd	-2	*224	153½	227.9	2.3	17.8
ICI	N☐	819	-1	854	728	5,921	4.2	68.2
Inspec	☐	211	—	212	178	179.9	–	–
Kalon	♣N☐	182	-1½	191½	148½	242.4	2.9	18.4
Laporte	♣N☐	769	-6	843	722	1,453	3.4	20.6
MTM	♣☐	78	-1	79	48	27.8	–	–
Manders	N	387	—	405	332	138.0	3.4	19.3
McLeod Russel	N☐	109	—	127	100	65.9	7.0	16.1
Metrolect Inds	W☐	111	—	128	103	28.8	3.8	15.4
Perstorp SKr		£26⅝	+⅛	£32⅞	£22¼	144.8	1.4	35.8
Porvair	♣N	326	+1	349	265	59.5	1.6	24.6
Scapa	♣†N☐	250	-1	272	230½	392.0	2.8	18.8
Wardle Storeys	N☐	407xd	—	490	398	101.3	5.3	21.3
Wolstenholme	♣N	678	—	695	570	80.2	3.3	15.9
Yorkshire	♣N☐	464	-4	*483	380	207.5	2.2	21.5
Yule Catto	☐	326xd	+1	*336	258	318.1	2.4	ϕ

ELECTRONIC & ELECTRICAL EQPT - Cont.

	Notes	Price	+ or -	1994 High	low	Mkt Cap£m	Yld Gr's	P/E
Forward Tech.	♣N☐	47½xd	—	60	14½	78.1	0.7	–
Fujitsu Y	K	663¼	+2	666½	359½	12,898	0.5	–
GEC	†☐	319	-1	369½	288	8,731	4.1	15.6
Gestetner	♣N☐	175	+2	197	139	344.8	2.1	–
Granby	N☐	147	-1	161	145½	94.8	5.6	13.6
Hewlett-Packard $		£54¼	—	£62⅞	£50⅞	13,786	1.2	–
Hiclare	☐	43	—	*48	30	2.07	7.5	–
Intl Cont Servs	♣†N☐	150	—	183	149	58.9	3.8	13.4
Johnson El HK$		183½	-¼	187	153½	595.6	1.4	33.2
Kambray	☐	9	—	14	9	2.47	2.2	–
Kenwood	☐	345	-3	386	345	126.5	3.3	ϕ
Kershaw (A)	N	780	—	805	730	271.1	4.3	40.1
Kode Intl	N	113xd	—	185	113	10.9	8.6	16.2
LPA Inds	N	51	—	82	47	4.58	8.0	–
Lec Refrig	N	278	—	300	255	18.5	4.1	–
Litex Prntg Techs		60	—	69	58	13.4	2.8	13.2
MTL Instr		315	—	315	250	58.4	1.8	20.4
Mernier-Swain		227	+2	261	210	110.8	2.1	19.8
Microvitec		34½	—	39½	31	22.0	–	–
Mitsub Elect Y		406	+1½	407	320	[illegible]	1.5	75.6
Milligate		44	—	52	30	8.25	7.1	10.0
Motorola $		£61⅞	-⅛	*£66⅞	£28⅞	17,045	0.6	–
NEC Y		750½	+6½	780¼	510	11,357	0.8	–
Nokia Pf FM		£92⅞	-1⅞	£96⅞	£16⅞	1,147	0.7	34.2
Pacer Syst $		90xd	—	91	68	4.23	4.9	32.6
Peek	N☐	90xd	—	98	77½	102.1	4.9	14.7
Philips Fl		£18⅞	-⅛	£20⅞	£14	8,044	0.9	ϕ
Philips Fin 5¾pc		£105xd	—	£108	£97½	13.5	5.5	–
Pifco	†N	334	—	340	293	31.7	1.6	28.0
A	†N	324	—	338	283	22.4	1.7	27.2
Plasmec	♣N	66xd	—	90	70	4.08	4.3	–
Pressac	N	118	—	122	100	29.1	2.7	24.1
Prestwick	N	39	+1	44	16	7.42	–	–
7¼pc Cv Pf		78	—	86	63	2.30	11.6	–
Psion	♣†N☐	280	-4	303	181	82.8	1.2	30.6
Racal	☐	225	—	249	187	629.3	2.4	13.4
Radamec	♣N☐	37xd	—	60	33	6.63	5.7	ϕ
Radstone Tech	R☐	118	+2	133	108	18.1	3.2	14.9
Rivs		20	—	25	15	5.20	–	25.4
Roxboro	♣LN☐	280	-3	311	229	101.2	0.8	ϕ
Rosspor		26½	—	27	23	12.9	–	–
Scantronic	♣†☐	74	—	80	72	27.0	5.4	20.3
Scholes	♣†N	197	-2	212	182	75.6	3.2	20.5
Siemens DM		£283¼	-6	£310	£261⅞	15,614	1.9	–
Silvermines I£	☐	42xd	—	49	41	13.8	1.4	ϕ
Sony Y		£37⅞	-⅛	£41⅞	£32¼	14,118	0.8	ϕ
Soundtracs		77	—	84	63	7.78	3.9	18.3
Stm Business	N☐	80	-1	104	75	77.3	5.6	4.2
Sungard		£22⅞	-⅛	£27⅞	£22⅞	428.9	–	–
Tadpole Technology	♣N☐	315	+1	337	264	88.8	–	75.1
TDS Circts		12	—	19	11	1.08	–	–
TDK Y		£28⅞	-⅛	£31⅞	£22⅞	3,854	1.1	ϕ
Telemetrix	N☐	166xd	+5	170	92	98.7	1.2	12.7
TGI	♣†N	67	—	69	51	14.4	3.0	31.1
Telspec	☐	280	—	292	191	82.5	1.2	31.4
Thorpe (FW)	†N	185	—	198	133	24.2	1.8	17.4
Toshiba Y		506¼	+¼	519½	387¼	16,284	1.2	72.9
Tunstall	hN	288	—	*303	280	94.4	1.5	20.6
Unitech	♣†N☐	318	-5	325	258	217.8	2.5	54.1
Utility Cable	☐	33½	—	38	27	46.6	–	–
Verby		11	—	16	11	22.5	–	–
Volex	♣†	460	—	*483	444	119.2	5.0	18.5
Vtech		75	—	106	66	146.6	6.9	–
Walsbourne	☐	103	-1	*200	60	21.5	–	14.1

BUILDING MATS. & MERCHANTS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Albrighton	♣ZN☐	20	—	*27	18	14.5	0.8	–
Alumasc	†N	319	—	330	283	66.8	2.4	17.8
Amberley	♣☐	55	—	66	45	14.8	2.3	–
Anglian Grp	W☐	246	—	378	230	215.7	4.8	13.5
Ashley	♣N☐	7	—	11½	6	9.86	3.3	–
8¼p Net Cv Pf		52	—	61	51	7.30	10.8	–
Atreus	R☐	15	—	22	14½	6.41	8.2	7.4
BMSS		158xd	—	183	138	13.5	2.5	ϕ
BPB	♣†N☐	302	-10	363	295	1,509	3.1	36.1
Baggeridge	N	142	+3	142	93	58.4	2.8	42.4
Bardon	N☐	41xd	—	*60	40	229.9	6.1	–
Beriesford Intl	♣N☐	222	-1	244	125	331.4	–	–
Blockleys		68xd	—	93	60	17.1	1.8	ϕ
Blue Circle	♣qN☐	307xd	+4	381	290	2,204	4.6	27.2
7⅞pc Cv Pf		188xd	+1½	207	157	177.8	5.7	–
Breedon	N	93xd	—	117	89	28.4	6.2	26.6
Brit Dredging	N	146xd	—	154	130	25.9	4.7	18.9
CRH I£	♣☐	362	+1	*408	346	1,272	2.7	18.4
CSR A$	†	249	-1¾	259¾	215¼	2,262	4.4	19.0
Cakebread Rob A		45	—	70	31	2.36	–	–
Cape	♣N	275	—	275	254	148.8	4.8	18.6
Caradon	♣N☐	329xd	-1	*459	317	1,961	3.3	24.7
7¼p Cv Pf		159xd	-½	*215½	158	286.2	5.7	–
Chieftain	♣N	61	-1	62	46	5.22	7.2	12.3
Darby	♣N☐	107xd	—	117	85	17.9	1.3	ϕ
Dyson (J & J)	♣	117	+8	124	105	1.88	5.3	21.5
A		89	+6	97	78	10.7	7.0	16.4
Eleco	♣N	15	—	*16	14	2.88	–	–
Epwin	♣N	348xd	—	368	273	89.9	2.7	22.8
Erith	♣	76xd	—	82	57	39.0	1.6	ϕ
Explaura LW	♣☐	3¾	—	4¾	3½	4.70	–	–
Gibbs & Dandy A	♣N	90	—	98	70	8.87	3.5	12.2
Grafton I£	♣N	323	-3¼	337¼	236	60.4	2.9	21.6
Graham Group	LN☐	202	-2	218	195	281.6	2.8	19.3
Halstead (J)	†N	351xd	—	351	337	164.6	2.4	16.4
Heath (S)		112	—	115	110	3.36	6.1	13.2
Helical I£		58	—	*71¼	55	25.1	4.4	16.1
Hepworth	N☐	360xd	-2	511	347	881.3	5.0	19.1
Hewden	N	74	—	74	48	8.88	2.1	54.8
Hewitt	♣N	175xd	—	205	154	8.04	2.3	–
Haywood Wil	♣N☐	389	—	*473	373	396.9	4.2	25.7
Cv Pf		167	—	205½	162	38.2	5.1	–
Ibstock Johnsen	N☐	74xd	-3	109	72	185.2	1.7	–
Warrants	☐	3½	-½	9	3	0.72	–	–
Johnston	♣N	272xd	+4	272	149	28.7	0.9	7.7
Kingspan I£	♣N	137	-1½	148¼	97	35.7	2.4	14.2
Lafarge-Copp FFr		£51⅞	-⅞	£59⅞	£50⅝	3,836	2.0	ϕ
Latham (J)		195	—	203	183	9.89	1.0	–
Lilleshall	♣N	150xd	—	*170	145	42.3	3.8	16.3
9p Cv Pf		140xd	—	160	139	19.6	6.0	–
Marley	♣N☐	164xd	—	213½	153	408.5	3.2	28.6
Marshalls	N☐	138	+1	156	128	189.1	3.7	–
6⅞p Cv Pf		118½	—	131	112	72.9	7.0	–
Meyer	♣N☐	440	-3	*568	434	562.5	2.8	44.1
Needler	♣	36	—	48	36	8.76	–	–
Newman-Tonks	♣N☐	158xd	—	198	158	191.8	4.9	21.2
Norcros	♣☐	145	+1	*212½	135	283.3	6.0	21.2
Phoenix		19	-½	*29	9	3.21	–	–
Pilkington	♣†N☐	188½	-1	208	177	1,487	1.7	–

ELECTRICITY

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
China Light HK$	♥	363	-2½	466	328¼	6,022	2.2	–
East Midlands	♣†N☐	591	+4	717	537	1,294	4.4	10.5
Eastern	♣†N☐	602	+2	725½	566	1,563	4.2	11.5
London	†N☐	567	-2	733½	534	1,239	4.7	10.7
Manweb	†N☐	701	+4	858	651	832.6	3.9	8.8
Midlands	♣†N☐	606	+4	767	549	1,268	4.4	9.6
National Power	♣N☐	429	-2½	565	404½	5,491	3.7	11.2
Northern	♣†N☐	684	+8	861	589	821.4	4.2	8.7
Northern Ireland	W☐	244	+1	301	209	588.1	3.4	12.2
Norweb	♣†☐	629	+6	836	505	1,006	4.1	9.0
PowerGen	♣†N☐	480	-7	582	452	3,763	2.9	12.6
Scott Hydro	♣†N☐	386	+11	477	322	1,493	4.0	12.9
Scottish Power	♣N☐	379	+12	488	337½	3,968	4.2	11.7
Seeboard	hN☐	323	+2	*435	299	828.2	4.0	10.1
South Wales	†N☐	637	+2	825	605	652.9	4.6	8.8
South Western	†N☐	607	+1	743	551	747.2	4.3	8.9
Southern	♣†N☐	580	-1	746½	540	1,298	4.4	7.8
Yorkshire	♣†N☐	588	+7	729½	532	1,220	4.5	11.0

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	low	Yld Gr's	NAV	Dis or Pm(-)
River Plate Inc	N□	109	—	113	106	10.2	–	–
Cap	□	93	—	118	93	–	152.5	39.9
Warrants		4½	—	11	4½	–	–	–
Zero Div Pf		84¼	—	85¼	83¼	–	–	–
St Andrew	N	324	—	343	290	3.8	330.9	2.1
St David's Inc	N	130xd	—	142	124	13.1	–	–
Cap		198	—	223	184	–	300.6	34.1
Zero Pf		149½	—	151½	143½	–	–	–
Saracen Value	□	80½	-½	98	80	–	85.1	5.8
Warrants	□	24	—	43	24	–	–	–
SPLIT Inc		193xd	—	200	170	21.7	–	–
Cap		1105	-3	1226	1103	–	1312.6	15.8
Schroder UK Gwth	□	89¼	-¼	98	83¼	–	91.8	-1.8
Warrants	□	35	—	38	33	–	–	–
Schroder Split Inc	□	122xd	-2	129	120	7.4	–	–
Capital	□	31	-½	37	27½	–	82.4	62.4
Zero Div Pf		105¼	—	113½	105¼	–	–	–
Scot American	♣†N□	180½xd	-1	183	162	3.5	184.8	10.4
Scot East	♣N□	82½	-½	97½	82½	2.4	95.7	13.8
Scottish Inv	♣N□	228	-1	282½	221	2.7	262.9	14.0
Warrants	□	88½	-½	100½	87½	–	–	–
Scot Mortgage	♣□	228½xd	-1	284½	217	2.2	258.8	11.7
Scot National Inc	♣N□	180xd	-1½	198½	98	8.4	–	–
Cap	□	42	—	58	39	–	70.1	40.1
Stepped Pf		153½	—	162	153	8.8	–	–
Zero Div Pf		228½	—	235½	227½	–	–	–
Warrants		6½	—	16	5½	–	–	–
Scot Value	♣†N□	124	—	138½	116½	2.0	120.4	-2.9
Sec Alliance	♣†N	1628	-6	1795	1583	3.0	1770.2	8.3
Second Consld	♣N□	94	—	100¼	91½	3.8	111.8	15.9
Second Market	♣aN	480	—	503	447	0.6	496.2	3.3
Sec Tst Scot	♣□	98xd	—	108	88½	4.6	89.7	-3
Select Assets	♣N□	158	-1	179	158	1.1	188.4	15.6
Eq Ind Sert		153	—	177	152	3.6	–	–
Eq Ind Serb		153	—	177	152	3.6	–	–
SHIRESCOT	♣K	152xd	-1	161	142	4.4	149.5	-1.6
Shires	♣N	315	—	349	309	6.8	280.8	-10.9
Slave Select	♣	142	—	178	139	6.6	188.2	24.5
Warrants		27	-1	39	20	–	–	–
Smaller Cos	♣N□	140	-1	173	140	2.3	140.3	0.2
Warrants		71	-½	83	62	–	–	–
Wrts '99		57	—	69	45	–	–	–
Sphere Inc	N□	46xd	-½	61½	43½	9.2	51.6	10.9
Units		1030xd	—	1066	975	1.1	–	–
Zero Div Pf		98¼	—	99¼	93¼	–	–	–
Sumit	N	165	—	178	113	2.3	185.7	11.1
Taiwan Inv	□	90	—	96	85	–	91.7	1.9
Warrants	□	41	—	52	35	–	–	–
Temple Bar	♣N□	352	-1	412	340	4.9	354.0	0.6
Templeton Em	□	374	—	468	358	0.8	349.2	-6.6
Warrants		246	-½	300	235	–	–	–
C	□	102½	—	104	100	–	96.6	-6.8
Thompson Clive	N	192xd	—	202	175	2.5	220.4	12.9
Thornton Asian	♣N□	106xd	+1	135	104	0.6	128.2	17.3
Warrants		24½	-1	47½	22½	–	–	–
Thornton Pan Euro	♣N	34	—	42	32	3.7	38.1	10.8

LEISURE & HOTELS - Cont.

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Parkdean Lela	♣N□	164	—	171	132	18.4	3.3	14.4
Pelican	♣N□	91xr	—	*92¼	65½	41.2	1.5	22.8
PizzaExpress	N□	126	—	141	111	68.2	0.5	26.2
Prism Lela	♣†□	176	—	183	173	14.8	2.5	18.3
Quadrant	□	34	—	49	34	12.5	–	–
Queens Moat	N	47½¶	—	47½	47½	430.0	–	–
7pc Cv Pf		104¶	—	104	104	27.1	8.4	–
7¼pc Cv Pf		85¶	—	85	85	108.5	11.0	–
Rentadent's (I)	♣N	270	—	270	205	23.8	2.1	38.9
Rank Org	♣†N□	405	-12	*447¼	377	3,349	3.8	22.0
8¼p Cv Pf		180½	-3½	186	144	343.1	6.8	–
Regal Hotel	♣□	2¾	—	2	1½	13.9	–	♦
Ryan Hotels It	□	27½xd	-1	31	18½	18.8	4.6	♦
St James Beach Ned	♣N□	131	—	139	131	28.8	3.6	18.2
Savoy A	N	1075	—	1136	790	387.4	0.4	–
Sinclair (Wm)	N	212	-3	244	189	46.2	4.1	17.2
Spear (JW)	N	740	—	740	420	38.5	3.3	12.5
Stakis	♣□	80	+1	*92	60¾	428.9	1.4	♦
Stanley Lela	N□	317	—	*359	289¼	189.6	2.1	25.7
Sunleigh	♣□	10	—	10	6½	7.72	–	–
Surrey	♣□	2¼	—	2½	1¾	4.17	–	–
Tanjong		280	—	349¼	280	1,080	1.1	♦
Thorn EMI	♣N□	1088	-28	1185	979	4,549	4.1	21.3
Ticketing Grp	♣N□	2	—	2¼	1½	17.7	–	19.6
Tomorrows Lela	♣	10	—	17	10	1.21	–	–
Tottenham	♣K	87	—	98	75	13.8	2.9	33.3
Trilog Int	♣N□	151	—	157	120	64.2	3.1	17.9
Vardon	N□	126	-1	149	112	98.7	1.0	23.9
Wembley	N□	12½	-1	18	8½	32.2	–	–
Zetters		125	—	128	110	8.22	8.0	14.1

LIFE ASSURANCE

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
AEGON Fl		£35⅝	-⅛	£43¼	£32⅞	3,609	4.0	♦
Britannic	N□	480	—	560	430	814.9	3.7	–
Gen Life Il	□	283xd	-2	341	193	611.7	5.8	♦
Legal & Gen	N□	480xd	—	547	438	2,141	3.7	14.7
Liberty Life Africa R	†ss	£12⅛	-⅛	£13⅞	£9¾	2,997	2.5	20.0
Lincoln Nat $		£26⅛	-⅞	£30	£24¾	2,426	4.1	–
Lloyds Abbey	N□	364	+3	471	349	2,460	8.4	11.4
Lon & Man	♣N□	353xd	—	443	353	438.1	5.6	17.2
Prudential	♣N□	296xd	+2	365	293	6,594	5.6	14.0
Refuge	N□	294	-2	404	294	480.4	4.8	21.8
TransatlanticHd	N□	364½	-4	484	350	1,071	4.2	32.1
8 8pc Cv Pf		96	—	124½	95	61.1	7.8	–
Utd Friendly B	♣□	620	-3	673	510	428.4	4.0	♦

MEDIA

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Abbott Mead		647xd	+7	730	540	92.8	2.0	♦
Adscene	†	280	—	305	196	44.4	2.5	20.7

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29½	—	£29½	£13½	1,992	2.8	19.4
Barlow		25½	—	25⅜	23⅜	1,098	6.4	9.3
Gold Flds Prop R		94	+6	105	76	9.61	10.6	6.3
MK Props	s	90	—	95	87	3.62	9.9	37.0
SASOL	♥	310	—	382	280	1,768	5.0	–
SA Brews		£13⅝	-⅛	£15⅞	£10	7,387	2.0	22.5
Tiger Oats	†	686	—	838	539	1,833	2.3	14.4
Tongaat-Hulett	†	631	+1	638	434	472.3	2.4	17.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ♥ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code **FT6710.** Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. *If calling from outside the UK,* ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availabilty.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

- FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The minimum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Thornton Unit Managers Ltd (1200)F
[illegible]

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551
[illegible]

Whittingdale Unit Tst Mngmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT
[illegible]

Woolwich Unit Trust Managers Ltd (1700)H
2 White Oak Square, Swanley BR8 7AG 081-289 4000
Stockmarket Fd ... 5 | 78.04 78.09 83.07 -0.61 1.75

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd
Int'l Expt May 18 ... 788.4 813.4 — 0.94

Baring Investment Mngmt Ltd
155 Bishopsgate, London EC2M 3XY
071-214 1000 (general enquiries) 071-214 1004 (dealing)
[illegible]

CAF – Charity Money Management
48 Pembury Rd, Tonbridge TN9 2JD 0732 770114
[illegible]

CIM Unit Trust Managers Ltd
[illegible]

For James Capel see HSBC Asset Mngt Europe Ltd

Cent. Bd. of Fin. of Church of England‡
2 Fore Street, London EC2Y 5AD 071-588 1815
[illegible]

Charinco/Charishare‡ (1600)F
33 King William Street, EC4R 9AS 071-280 2800
[illegible]

COIF-Charities Official Inv Fd‡
2 Fore Street, London EC2Y 5AQ 071-588 1815
[illegible]

Charity Fixed Int Fd/Charity Equity Fd
[illegible]

Edinburgh Fund Mngrs PLC
[illegible]

Ely Place Investments Ltd
[illegible]

Fidelity Investment Services Ltd
[illegible]

Fledgeling Charity Portfolio
[illegible]

Robert Fleming Asset Mngmt Ltd
[illegible]

Foreign & Colonial Unit Management Ltd
[illegible]

Funds in Court*
[illegible]

* Restricted to monies under Court control

Govett (John) Unit Mngmt Ltd
[illegible]

Guinness Flight Exempt Investment Funds
[illegible]

HSBC Asset Management Europe Ltd
[illegible]

Henderson Unit Trust Management Ltd
[illegible]

INVESCO Asset Management Ltd
[illegible]

Jupiter Merlin Unit Trust Managers Ltd
[illegible]

Lazard Brothers & Co. Ltd
[illegible]

Lazard Investors Ltd ‡
[illegible]

Local Authorities Mutual Invest. Tst.*
[illegible]

* Available only to Local Authorities

M & G Securities Ltd
[illegible]

Morgan Grenfell Investment Funds Ltd
[illegible]

Morgan Stanley International
[illegible]

Murray Johnstone UT Mngmt
[illegible]

NatWest Investment Management Ltd
[illegible]

PDFM Unit Managers Ltd
[illegible]

J. Rothschild Fund Managers Ltd
[illegible]

Stewart Ivory & Co Ltd
[illegible]

Closed to new business

Thornton Unit Managers Ltd
[illegible]

INSURANCES

AIG Life
[illegible]

AXA Equity & Law Life Assce
[illegible]

Abbey Life Assurance Co Ltd
[illegible]

Abbey National Life Plc
[illegible]

Acuma Life Assurance Ltd
[illegible]

AEGON Life Assurance Co (UK) Ltd
[illegible]

Albany Life Assurance Co Ltd
[illegible]

Allied Dunbar Assurance Plc
[illegible]

American Life Insurance Co UK
[illegible]

Barclays Life Assur. Co Ltd
[illegible]

Black Horse Life Assurance
[illegible]

Britannia Life Group
[illegible]

Canada Life Group
[illegible]

Century Life Plc
[illegible]

City of Westminster Assurance (z)
[illegible]

Clerical Medical/Fidelity Investments
[illegible]

Clerical Medical Investment Group
[illegible]

Colonial Mutual Group
[illegible]

Combined Life Assurance Co
[illegible]

Commercial Union Group
[illegible]

Consolidated Life Assurance Co Ltd
[illegible]

Crown Financial Management Ltd
[illegible]

Eagle Star Life Assurance Co Ltd
[illegible]

Eagle Star Insur./Midland Assur.
[illegible]

Equitable Life Assurance Society
[illegible]

Eurolife Assurance Company Ltd
[illegible]

Family Assurance Friendly Society Ltd
[illegible]

Friends Provident
[illegible]

GT Unit Managers Ltd
[illegible]

General Accident
[illegible]

Growth & Sec. Life Assce. Soc. Ltd
[illegible]

Guardian Royal Exchange
[illegible]

Hearts of Oak Insurance Group
[illegible]

Henderson Administration(z)
[illegible]

Hill Samuel Life Assur. Ltd
[illegible]

Homeowners Friendly Society Limited
[illegible]

Homeowners Friendly Society Limited - Contd.
[illegible]

Ideal Benefit Society
[illegible]

Irish Life Assurance Co Plc
[illegible]

Lancashire & Yorkshire Assce Society
[illegible]

Laurentian Life plc
[illegible]

Legal & General
[illegible]

Lifetime Assurance Co Ltd
[illegible]

Lincoln National
[illegible]

London Life
[illegible]

London & Manchester Assurance (z)
[illegible]

M & G Life and M & G Pensions
[illegible]

M & G Life and M & G Pensions - Contd.
[illegible]

MGM Assurance (z)
[illegible]

Manchester Unity Assurance
[illegible]

Manulife Group
[illegible]

Midland Life Limited
[illegible]

M & P Life Assurance Ltd
[illegible]

NPI
[illegible]

National Mutual Life
[illegible]

National Westminster Life Assce Ltd
[illegible]

National Westminster Life Assce Ltd - Contd.
[illegible]

Norwich Union Life Insurance Soc.
[illegible]

Prosperity Life Assurance Ltd
[illegible]

Providence Capital Life Assur. Co Ltd
[illegible]

Provident Life Assoc Ltd
[illegible]

Provident Mutual Life Assce. Assn.
[illegible]

Prudential Assurance Co
[illegible]

Prudential Corporate Pension Funds
[illegible]

Prudential Corporate Pension Funds - Contd.
[illegible]

Prudential Individual Life Funds
[illegible]

Prudential Individual Pension Funds
[illegible]

Reliance Mutual
[illegible]

J Rothschild Assurance PLC
[illegible]

Royal Life Insurance Ltd
[illegible]

Royal Liver Assurance
[illegible]

S-E-Beckens Life Assurance Co Ltd
[illegible]

Save & Prosper Group (z)
[illegible]

Scottish Amicable
[illegible]

Scottish Equitable plc
[illegible]

FT MANAGED FUNDS SERVICE

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Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	217.6	229.1		–
UK Equity	347.6	366.0	-3.6	–
American	249.6	262.8	+1.2	–
Pacific	378.9	398.9	-1.3	–
European	484.6	510.2	-5.3	–
International	317.5	334.3	-1.0	–
Fixed Interest	230.0	242.2	-2.4	–
Index Linked	190.5	200.7	-0.5	–
Deposit	190.9	201.1		–
Managed	284.6	299.7	-1.5	–
Worldwide	127.5	134.4	-0.1	–
With Profits Pens	91.3	96.2	—	–
Pens. Property	253.2	266.7		–
Pens. UK Equity	417.1	439.2	-3.5	–
Pens. American	279.5	294.5	+1.7	–
Pens. Pacific	436.6	459.7	-1.7	–
Pens. European	584.4	615.2	-6.7	–
Pens International	378.2	398.1	-1.1	0
Pens. Fixed Int	289.7	305.0	-2.9	–
Pens. Index Linked	207.2	218.2	-0.6	–
Pens. Deposit	256.6	270.1		–
Pens. Managed	343.1	361.3	-1.9	–
Pens. Worldwide	135.9	143.2	-0.2	–

Scottish Mutual Assurance plc
109 St Vincent St, Glasgow 041-248 6321

Scottish Provident Group
6 St Andrew Sq, Edinburgh 031-556 2852

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Allied Dunbar International Assce Ltd (z)
Lord Street, Douglas, IoM 0624 661551

CMI Insurance Co Ltd
Clerical Medical Hse, Douglas I.O.M. 0624 625560

Century Life International Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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Royal Bank of Canada Intl Fd Mgt Ltd

[illegible]

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

[illegible]

For Royal Trust see Royal Bank of Canada

Schroder Mngt Services (Jersey) Ltd

[illegible]

Scrimgeour Kemp-Gee Mngmt., Jersey

[illegible]

TSB Trust Funds (CI)

[illegible]

Warburg Asset Management Jersey Ltd

[illegible]

Worldinvest (Managers) Jersey Ltd

[illegible]

Valued weekly. * Mondays. † Wednesdays.

LUXEMBOURG (SIB RECOGNISED)

Abtrust Fund Mngrs Luxembourg SA (u)
13 rue Goethe L-1637 Luxembourg 010 352 4045461

[illegible]

American Phoenix Investment Portfolios (u)
13 rue Goethe, L-1637 Luxembourg 010 352 4045461

[illegible]

BAS Intermarket Fund
2 Boulevard Royal, Luxembourg

[illegible]

Bank Von Ernst & Cie AG
Marktgasse 63/65, 3001 Berne, Switzerland 313114051

[illegible]

Banque Scandinave a Luxembourg SA
16 Boulevard Royal, L-2449, Luxembourg

[illegible]

Barclays Diversified Portfolio
14 rue Aldringen L-1118

[illegible]

Barclays Inv Funds (Luxembourg)
41 Avenue de la Gare L-1611 010 352 404944

[illegible]

CMI Asset Management (Luxembourg) SA
208 route d'Arlon, L-1150 Lux

[illegible]

Comgest SA
55 rue de Londres, 75008 Paris 010 331 4470 7610

[illegible]

Commercial Union Luxembourg SA (u)
41 Ave de la Gare L-1611

[illegible]

Cravenie Group (u)
11 Rue Aldringen, L-1118 Luxembourg

[illegible]

DB Investment Management SA
2 Boulevard Konrad Adenauer, Lux.

[illegible]

Den norske Bank
2 boulevard Royal, Lux 010 352 4580 3271

[illegible]

Dias Income Fund

[illegible]

Dolphin Intl Investments (u) SICAV
14 Rue Aldringen L-1118 Luxembourg

[illegible]

Dresdnerbank Asset Mngmt SA (u)

[illegible]

E.T. Investment Management Ltd

[illegible]

Eagle Star - Global Assets Fund (u)

[illegible]

EquiFund-Weight National Eqty Fd (u)

[illegible]

Fidelity Funds (u)
Kansallis House, Place de L'Etoile, L-1021 Lux BP 2174

[illegible]

Fidelity Funds - Contd.

[illegible]

Fleming Group (u)
46 Rue Des Scillas L-2529 Howald Luxembourg

[illegible]

Foreign & Colonial Emerging Markets Ltd (u)
Exchange Ho, Primrose St, Ldn, EC2A 2NY

[illegible]

Frontrunner I (u)

[illegible]

Gartmore Luxembourg SA (u)

[illegible]

HSBC Investment Funds Luxembourg SA (u)

[illegible]

Henderson Management SA (u)

[illegible]

Hypo Foreign & Colonial Port Fd Sicav(u)

[illegible]

INVESCO International Limited (u)
PO Box 271, St Helier, Jersey 0534 73114

[illegible]

Jupiter Tyndall Global Fund
13 rue Goethe L-1637 Luxembourg

[illegible]

Kleinwort Benson Japanese Warrant Fund

[illegible]

Kleinwort Benson Select Fund (u)

[illegible]

For Latin American Securities see Foreign & Colonial

Liberty ALL-STAR World Pfolio-Eqty Fd(u)

[illegible]

Lloyds Bank Luxembourg
1, Rue Schiller, Luxembourg 010 352 4022121

[illegible]

Midland Intl Circuit Fund SICAV(u)

[illegible]

Nomura Global Fund (u)

[illegible]

PRICOA Worldwide Inv Portfolio Sicav (u)

[illegible]

Regent Global Fund (u)

[illegible]

Sarasin Investment SICAV (u)

[illegible]

Schroder International Selection Fd (u)

[illegible]

Scottish Equitable Intl Fund SICAV (u)

[illegible]

Sun Life Global Management Ltd (u)

[illegible]

Templeton Global Strategic SICAV (u)

[illegible]

Thornton Investment Management Ltd
33 Cannon Street, London EC4M 5SB 071 246 3000

[illegible]

S.G. Warburg Asset Mngmt Lux SA
14, Rue Leon Thyes, L-2636 Lux 010 352 421211

[illegible]

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (u)

[illegible]

Alliance Capital

[illegible]

Asian Development Equity Fund

[illegible]

Atlantis Sicav

[illegible]

BAII Intermarket Fund

[illegible]

BAII (Interportfolio)

[illegible]

Banque Ferrier Lullin (Lux) SA

[illegible]

Banque Indosuez Luxembourg

[illegible]

Banque Paribas Luxembourg

[illegible]

Banque Scandinave En Suisse

[illegible]

CB Fund International (u)

[illegible]

CSFB Umbrella

[illegible]

Capel-Cure Myers Intl Fd Sicav (u)

[illegible]

Citicorp Investment Mngt (Luxembourg) SA

[illegible]

Clemente Korea Emerging Growth Fund

[illegible]

Credit Commercial de France

[illegible]

Credit Lyonnais Rouse (Bermuda) Ltd

[illegible]

Credit Suisse

[illegible]

Daiwa Japan Gics Fund

[illegible]

Daiwa Japan Small Equity Fd (u)

[illegible]

Dean Witter World Wide Invest. Tst SA

[illegible]

The Dragon Fund Sicav

[illegible]

Espirito Santo Investment Mngmt (SICAV)

[illegible]

Europe Value Fund (u)

[illegible]

EurOptec (u)

[illegible]

Fidelity Intl Inv Mngt (Luxembourg) SA

[illegible]

Fidelity Investment (CI) Ltd

[illegible]

The First Korea Smaller Companies Fund

[illegible]

Fleming Group

[illegible]

Foreign & Colonial Emerging Markets Ltd

[illegible]

Gemex Funds

[illegible]

Gartmore Luxembourg S.A.

[illegible]

Global Funds Management S.A. (u)

[illegible]

Global Futures & Options SICAV

[illegible]

H.C.M. HYPO Capital Mgt Luxembourg SA

[illegible]

HSBC NAPT Luxembourg SA

[illegible]

International Bond Trust

[illegible]

International Specialty Fund (u)

[illegible]

INVESCO International Limited

[illegible]

InverSud Investment Fund SICAV

[illegible]

Investissements Atlantiques SA

[illegible]

Israel Selection Fund

[illegible]

For Latin American Securities see Foreign & Colonial

Lloyds Bank Luxembourg (u)

[illegible]

Lombard Odier Invest (u)

[illegible]

MFS International Funds

[illegible]

Merrill Lynch Asset Management

[illegible]

Morgan Stanley Sicav

[illegible]

Murray Universal, Sicav

[illegible]

NICAM Asia Pacific Umbrella Fund

[illegible]

Nikko Bank (Luxembourg) S.A.

[illegible]

Nomura Asian Infrastructure Fd SICAV

[illegible]

Nomura Rosenberg Alpha Fund Mark II

[illegible]

Norit Currency Fund

[illegible]

Pacific Basin Growth Fund

[illegible]

Rosenberg Global Mngt Co SA (u)

[illegible]

Rosenberg Management SA (u)

[illegible]

Rosenberg US Japan Mngmt Co SA (u)

[illegible]

Edmond de Rothschild Group

[illegible]

SCI/TECH SA

[illegible]

Scudder, Stevens & Clark

[illegible]

State Street Luxembourg SA

[illegible]

Target International Ltd

[illegible]

Templeton Emerging Asia

[illegible]

Templeton Worldwide Investments

[illegible]

Transworld Bond Trust

[illegible]

US Pacific Stock Fund (u)

[illegible]

Unico Financial Services SA Lux

[illegible]

"WINTERTHUR" Fund Mngmt Co (Lux) SA

[illegible]

World Bond Fund-SICAV (z)

[illegible]

World Trust Fund

[illegible]

Yamaichi Advanced Technology Fund

[illegible]

Yamaichi 1992 GMM Fund SICAV (u)

[illegible]

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Invs AG, in voluntary liquidation

[illegible]

OTHER OFFSHORE FUNDS

ATSP Management Ltd

[illegible]

Abtrust Fund Mngrs (Guernsey) Ltd

[illegible]

Adig Investment

[illegible]

Asian Malaysian Growth Fd (Cayman) Ltd

[illegible]

Alliance Capital

[illegible]

Alpha Fund Management Ltd

[illegible]

Asiainvest Consultants Ltd

[illegible]

Asian Convertibles & Income Fd (Cayman)

[illegible]

Atlantic Investment Fund Ltd

[illegible]

BEA Associates

[illegible]

BZW Investment Management (HK) Ltd

[illegible]

Julius Baer Bank & Trust Co Ltd

[illegible]

Bank Von Ernst & Cie AG

[illegible]

Banque de Gestion Privee, Paris

[illegible]

Barclays Diversified Fund

[illegible]

Baring International Group

[illegible]

Bear, Stearns International Ltd

[illegible]

Bermuda Capital Company Ltd

[illegible]

Bermuda Intl Invest Mgmt Ltd

[illegible]

Bordier Funds Ltd

[illegible]

Bridge Management Ltd

[illegible]

Buchanan Fund Ltd

[illegible]

Butterfield Management Co Ltd

[illegible]

CA Securities Investment Fund Mngmt Ltd

[illegible]

CDC International

[illegible]

Capital International

[illegible]

Cathay Clemente (Holdings) Limited

[illegible]

Chameleon Funds Limited

[illegible]

The China Fund

[illegible]

China Investment Company

[illegible]

The China Invest & Development Fd Ltd

[illegible]

Citizens Investment Trust Mgt Co Ltd

[illegible]

Coast Asset Management Corporation

[illegible]

Columbus Asset Management Ltd

[illegible]

Craig Drill Capital Ltd

[illegible]

Creditanstalt Investment Co (Prague) as

[illegible]

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

[illegible]

Credit Lyonnais Rouse (Bermuda) Ltd

[illegible]

Credit Suisse

[illegible]

Crystal Corporation N.V.

[illegible]

DWS Deutsche Ges. F. Wertpapiersp

[illegible]

Daiwa APT Japan Fund

[illegible]

Daiwa Intl Capital Management (H.K.) Ltd

[illegible]

Daiwa Japanese Equity Warrant Fund

[illegible]

Delta Lloyd Bank Fund Management

[illegible]

Deutscher Investment-Trust

[illegible]

Dubin & Swieca Asset Management

[illegible]

Dynasty Fund Ltd

[illegible]

EBS Overseas Fund Ltd

[illegible]

Eagle G-7 Mission Fund Ltd

[illegible]

Emerging Markets Management

[illegible]

Enigma Investments Ltd - Cayman

[illegible]

The Environmental Investment Co Ltd

[illegible]

Ermitage Group

[illegible]

Europe 1992

[illegible]

S.G. Europe Obligations SA

[illegible]

FFM / Swiss Financial Services

[illegible]

Fairbanks Global Capital Fund Ltd

[illegible]

Falcon Fund International Inc

[illegible]

Farrell Management Ltd

[illegible]

Fidelity Investments

[illegible]

Firebird Capital Management

[illegible]

First Investments Ltd

[illegible]

First Mexico Income Fund

[illegible]

Five Arrows Chile Fund Ltd

[illegible]

Formosa Fund

[illegible]

Formosa Growth Fund Limited

[illegible]

Frankfurt Trust Investment-GmbH

[illegible]

GBC Asset Management

[illegible]

GM Fund Management (Bermuda) Ltd

[illegible]

The GP Taiwan Index Fund

[illegible]

GT Chile Growth Fund Ltd

[illegible]

GT Management Plc

[illegible]

Gaia Currency Funds

[illegible]

Garantia Debt Fund

[illegible]

Garantia Equity Fund

[illegible]

Garantia Sector Analysis Portfolio NV

[illegible]

Genesis Fund Managers Ltd

[illegible]

Gertrust SA

[illegible]

Global Asset Management

[illegible]

Global Government Plus Fund

[illegible]

Global Investment Fund Ltd

[illegible]

Goldman Sachs

[illegible]

Green Way Guaranteed Ltd

[illegible]

Greystone Portfolio Ltd

[illegible]

Group One Limited

[illegible]

Group One International Tst

[illegible]

HSBC Asset Management (Bahamas) Ltd

[illegible]

Hasenbichler Asset Management GmbH

[illegible]

Hull Capital Corps

[illegible]

IAA Limited

[illegible]

IDF Investment & Development Financing Ltd

[illegible]

The India Magnum Fund NV

[illegible]

Indian Opportunities Fund Ltd

[illegible]

Indosuez Asset Management Asia Ltd

[illegible]

Indosuez Brazil Fixed Income Fd Ltd

[illegible]

Infinity Capital Corporation

[illegible]

International Fund Administration Ltd

[illegible]

The Jaguar Fund N.V.

[illegible]

Jardine Fleming Inv Mngt Ltd

[illegible]

Jardine Fleming Unit Trusts Ltd

[illegible]

Jardine Fleming Unit Trusts Ltd - Contd.

[illegible]

Johnson Fry Securities Ltd

[illegible]

Jupiter Tyndall (Bermuda) Ltd

[illegible]

Kestrel

[illegible]

KI Asia Pacific Fund Ltd

[illegible]

Kingdom Offshore N.V.

[illegible]

Korea China Super Fund Ltd

[illegible]

Korea International Fund Ltd

[illegible]

Korea Intl Investment Fund

[illegible]

Korea Investment Trust Co Ltd

[illegible]

Lehman Brothers Oporto Growth Fund

[illegible]

Lippo Asia Ltd

[illegible]

Lloyd George Management

[illegible]

Lloyds Bank International (Bahamas) Ltd

[illegible]

London Portfolio Services Group

[illegible]

MBF Unit Trust Managers Limited

[illegible]

MFS Meridian Funds

[illegible]

Magellan Emerging Markets Mngt (Jersey) Ltd

[illegible]

Magnum Funds

[illegible]

Malaysia Capital Fund Ltd

[illegible]

Malaysia Fund (Labuan)

[illegible]

Malaysia Growth Fund

[illegible]

Man International Futures

[illegible]

Mauritius Fund Ltd

[illegible]

Merrill Lynch Asset Management

[illegible]

Merrill Lynch Guernsey

[illegible]

Minibank International Ltd

[illegible]

Momentum Asset Mgmt

[illegible]

Montgomery Emerging Markets Fund Ltd

[illegible]

Moore Global Investment

[illegible]

Morgan Stanley Emerging Market Fund

[illegible]

Morgan Stanley Japanese Warrant Fund NV

[illegible]

National Investment Trust Company Ltd

[illegible]

Newport Investment Management Ltd

[illegible]

Nomura Warrant Fund 1990 Ltd

[illegible]

North Atlantic Management Co Ltd

[illegible]

North Star Fund Managers (Cayman) Ltd

[illegible]

Odey Asset Management Ltd

[illegible]

Old Ironsides International Ltd

[illegible]

Orange Overseas Partners Ltd

[illegible]

Opportunity Fund

[illegible]

Optima Fund Management

[illegible]

Orbis Investment Management Ltd

[illegible]

Orbitex Management Ltd

[illegible]

ORIENT Growth Fd

[illegible]

PFC Internatl Portfolio Fd Mngt Ltd

[illegible]

PFM Israel Growth Fund Ltd

[illegible]

PRS International

[illegible]

Pacific Growth Fund

[illegible]

Pacific Rim Managed Derivatives Fund Ltd

[illegible]

Pakistan Fund

[illegible]

Pequot International Fund Inc

[illegible]

Philippine Income Fund Inc

[illegible]

Portuguese Investment Fund Ltd

[illegible]

Putnam Embassy Funds Ltd

[illegible]

Putnam International Advisers Ltd

[illegible]

Quantum Group

[illegible]

Real Estate Strategies Ltd

[illegible]

Regent Fund Management Ltd

[illegible]

Republic New York Funds

[illegible]

Rosenwald, Rodill & Co Ltd

[illegible]

Rothschild Asset Management (CI)

[illegible]

Royal Bank of Canada Intl Money Market Fd

[illegible]

Sabre Futures Fund

[illegible]

Safra Republic Holding

[illegible]

Schroder Investment Management Limited

[illegible]

Schroder Japanese Warrant Fund

[illegible]

Schroders Asia Limited

[illegible]

Schroders Australia Ltd

[illegible]

Schroder (Switzerland) Fund

[illegible]

Schroder Bermuda Funds

[illegible]

Scudder, Stevens & Clark Inc

[illegible]

Segespar Securities (Bermuda) Ltd

[illegible]

Seychelles Fund Ltd

[illegible]

Sistra Fund Ltd

[illegible]

Sloane Robinson Investment Management Ltd

[illegible]

Smith Barney Funds

[illegible]

Sodific Asset Management Inc

[illegible]

Carl Spaengler KAG

[illegible]

Springfield Fund Mngmt (Gibraltar) Ltd

[illegible]

Sri Lanka Growth Fund

[illegible]

State Street Banque SA

[illegible]

Strauss Offshore Limited

[illegible]

Taipei Fund

[illegible]

Templeton Galbraith & Hansberger Ltd

[illegible]

The Thai Development Capital Fd

[illegible]

The Thai-Euro Fund Ltd

[illegible]

The Thai Prime Fund Limited

[illegible]

The Thailand Fund

[illegible]

The Thailand Growth Fund

[illegible]

The Thailand Intl Fund Ltd

[illegible]

Thames Currency Funds

[illegible]

Thornton Investment Management Ltd

[illegible]

Trans Global Investments

[illegible]

Triangle Global Hedge Ltd

[illegible]

Ultra Caberus Fund Ltd

[illegible]

Ultra Futures Fund Ltd

[illegible]

Ultra Hedge Fund Ltd

[illegible]

Ultra Sector Fund Ltd

[illegible]

Ultra Telecom Fund Ltd

[illegible]

Ultra Value Fund Ltd

[illegible]

Value Partners "A" Fund

[illegible]

Vale-Trac Investment Management Ltd

[illegible]

Vestrust Asset Management Corp

[illegible]

The Vietnam Fund Limited

[illegible]

WW Capital Growth Fund

[illegible]

Wellington Fd Mngrs (Bermuda) Ltd

[illegible]

Wells Fargo U.S. IT Fund

[illegible]

Worldwide Limited

[illegible]

Xiphias International Investment Fd Ltd

[illegible]

Yamaichi Capital Management (Guernsey) Ltd

[illegible]

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ‡ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. $ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase. xd ex dividend. (**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monetaire Luxembourgeois.

CURRENCIES AND MONEY

MARKETS REPORT

Trade boost for dollar

The dollar finished higher yesterday as markets responded positively to news that the US and Japan plan to resume framework trade talks, *writes Philip Gawith.*

The US currency closed in London at Y104.445, up from Y104.400 on Monday and an intra-day low of Y103.90. The dollar was also pulled higher against the D-Mark, finishing in London at DM1.6478 from DM1.6456.

Analysts cautioned that although the resumption of talks was positive, it was not the same as reaching agreement. But the feeling was that it probably underpinned the dollar in the short term.

Elsewhere, trade in Europe was fairly quiet following Monday's holiday. The D-Mark was generally stronger. The Bundesbank announced another variable rate repo.

The futures markets were again very volatile, with euromarks regaining some of their recent losses, and eurosterling losing ground.

■ The announcement by Mr Mickey Kantor, US trade representative, that the US and Japan would end the three-month stalemate in trade talks is significant. Some analysts trace recent dollar weakness to the collapse of the trade talks in February.

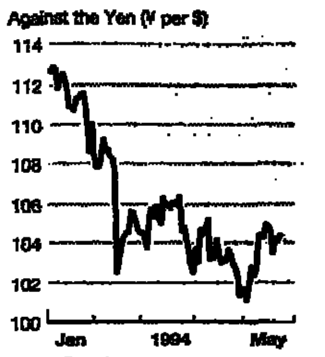
Although the interim period has been chastening for both parties – Japanese exporters have been hurt by the strong yen, while the weakness in US bond markets has been linked to the ailing dollar – the tenor of yesterday's announcements made clear that a difficult path lies ahead.

Amid all the fine words, Mr Kantor's claim that the Clinton administration would expand trade with Japan, "one way or the other", sounded suspiciously like a threat.

The aim of the trade talks is to try and reduce Japan's $131bn bilateral trade surplus. Mr Kantor said Japan had agreed on the need to stimulate its economy with a "substantial" macro-economic package, and reiterated a commitment to bring about a "highly significant" cut in its current account surplus.

Mr Adrian Cunningham, senior currency economist at UBS in London, said the announcement had "provided the dollar with some support, but had not been the catalyst to take out key technical resistance." He said there were still sellers of dollars in the market.

Dollar



Source: Datastream

■ **Pound in New York**

May 24	Latest	Prev. close
£ spot	1.5080	1.5070
1 mth	1.5051	1.5061
3 mth	1.5036	1.5049
1 yr	1.5015	1.5030

Mr Jeremy Hawkins, senior economic adviser at the Bank of America in London, commented: "It will be perceived by the market as a further indication that US policy against the yen has changed." He said the dollar was probably now underpinned at Y103.50, but "you will need to see progress before the market starts buying the dollar aggressively again." Mr Hawkins said the lows of the dollar had probably been seen.

■ A fairly large drop in the German repo today could lend more support to the revival of the dollar. But analysts are not predicting it, nor do call money rates make it likely. Rates firmed to 5.30/5.40 per cent from 5/5.12 on Friday (German markets were closed on Monday), driven by tighter liquidity conditions and the recent rise in euromark futures.

With call money above the repo rate of 5.23 per cent, analysts are predicting a fall of 3-5 basis points in the repo rate. Ms Alison Cottrell, international economist at Midland Global Markets, commented: "After recent Bundesbank comments – i.e. no continuation of the step-by-step easing for the time being, it would be bizarre for Frankfurt immediately to sanction a sharp fall in the repo rate."

The case for lower rates was not helped by the release of the April M3 figure, showing that money supply grew, year on year, by 15.8 per cent.

■ Ironically, the M3 number, which was better than some had expected, was cited as one reason why euromark futures performed better. The December contract settled 9 basis points firmer at 94.77. Volumes were again high, with the December contract trading nearly 60,000 lots.

Other possible factors were short covering and the fact that the Bundesbank announced a variable rate repo. Some had feared a fixed rate repo as a means of slowing the recent fall in rates.

Analysts were bemused by the fall in eurosterling futures. The December contract closed 4 basis points lower at 93.95. One possible explanation was nervousness ahead of today's gilt auction.

Mr Richard Phillips, analyst at brokers GNI, said the market was "verging on the schizophrenic". "Most traders have never known a market like this," he lamented.

■ In Europe the Danish krone finished at DKr3.916 to the D-Mark from DKr3.911 after poorer than expected inflation data. Year on year consumer prices rose by 2.1 per cent compared to market expectations of a 1.8 per cent increase.

Mr Cunningham of UBS said the currency weakness reflected the market view that Denmark might not be able to make the interest rate cuts required to stimulate growth.

Sterling had a steady day, rising from DM2.4789 to DM2.4856. In the money markets the Bank of England provided £1.016bn assistance to clear a £1bn shortage.

■ **OTHER CURRENCIES**

May 24	£	$
Hungary	155.083 - 155.316	102.840 - 102.940
Iran	2634.00 - 2640.00	1748.00 - 1750.00
Kuwait	0.4489 - 0.4502	0.2977 - 0.2984
Poland	33764.1 - 33827.3	22390.0 - 22420.0
Russia	2853.90 - 2861.40	1892.00 - 1897.00
U.A.E.	5.5381 - 5.5411	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

May 24		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.4786	+0.0448	702 - 870	17.4875	17.4174	17.4748	0.3	17.4692	0.2	-	-	114.1
Belgium	(BFr)	51.1801	+0.1653	363 - 238	51.2250	50.9100	51.1751	0.1	51.1751	0.0	50.9051	0.5	115.4
Denmark	(DKr)	9.7358	+0.0388	317 - 399	9.7400	9.6793	9.7434	-0.9	9.7516	-0.6	9.769	-0.3	115.4
Finland	(FM)	8.1538	+0.0467	441 - 635	8.1840	8.0940	-	-	-	-	-	-	81.6
France	(FFr)	8.5059	+0.0296	021 - 096	8.5150	8.4634	8.5116	-0.8	8.5146	-0.4	8.4809	0.3	108.2
Germany	(DM)	2.4856	+0.0067	844 - 867	2.4914	2.4720	2.4864	-0.4	2.4865	-0.1	2.4738	0.5	123.9
Greece	(Dr)	369.782	+1.381	008 - 576	370.580	367.595	-	-	-	-	-	-	-
Ireland	(I£)	1.0220	+0.0103	210 - 229	1.0245	1.0154	1.0223	-0.4	1.023	-0.4	1.0242	-0.2	104.1
Italy	(L)	2398.88	+4.16	748 - 027	2400.46	2391.45	2404.58	-2.9	2414.28	-2.6	2444.93	-1.9	78.2
Luxembourg	(LFr)	51.1801	+0.1653	363 - 238	51.2250	50.9100	51.1751	0.1	51.1751	0.0	50.9051	0.5	115.4
Netherlands	(Fl)	2.7879	+0.0064	868 - 890	2.7900	2.7746	2.7875	0.2	2.7872	0.1	2.7643	0.8	119.1
Norway	(NKr)	10.7646	+0.038	602 - 689	10.7750	10.7115	10.7589	0.6	10.7715	-0.3	10.7628	0.0	85.6
Portugal	(Es)	257.089	+0.763	888 - 250	257.260	256.005	258.044	-4.6	259.989	-4.5	-	-	-
Spain	(Pta)	204.577	+0.391	485 - 668	204.790	203.972	205.087	-3.0	205.917	-2.6	208.697	-2.0	85.1
Sweden	(SKr)	11.6515	+0.1069	418 - 612	11.6675	11.5460	11.673	-2.2	11.7035	-1.8	11.7925	-1.2	76.6
Switzerland	(SFr)	2.1239	+0.0022	227 - 251	2.1258	2.1138	2.1223	0.9	2.1161	1.1	2.0892	1.6	117.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.9
Ecu	-	1.2905	+0.0027	899 - 911	1.2914	1.2852	1.2916	-1.1	1.2925	-0.6	1.2909	0.0	-
SDR†	-	0.939416	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5061	+0.0021	058 - 065	1.5065	1.5014	-	-	-	-	-	-	-
Brazil	(Cr)	2601.89	+46.67	118 - 259	2603.00	2551.00	-	-	-	-	-	-	-
Canada	(C$)	2.0805	+0.0039	795 - 814	2.0815	2.0706	2.0822	-1.0	2.0854	-0.9	2.1007	-1.0	86.9
Mexico	(New Peso)	4.9717	+0.003	628 - 805	4.9825	4.9622	-	-	-	-	-	-	-
USA	($)	1.5084	+0.002	080 - 088	1.5095	1.5030	1.5075	0.7	1.5064	0.5	1.5044	0.3	65.3
Pacific/Middle East/Africa													
Australia	(A$)	2.0502	-0.0014	489 - 514	2.0538	2.0465	2.0495	0.4	2.0479	0.4	2.0469	0.2	-
Hong Kong	(HK$)	11.6524	+0.0158	485 - 562	11.6565	11.6165	11.6443	0.8	11.6404	0.4	11.6674	-0.1	-
India	(Rs)	47.3185	+0.0643	984 - 386	47.3400	47.1750	-	-	-	-	-	-	-
Japan	(Y)	157.545	+0.282	435 - 655	158.050	156.530	157.13	3.2	156.36	3.0	152.475	3.2	184.3
Malaysia	(M$)	3.9181	+0.0118	148 - 214	3.9218	3.9023	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5645	+0.0084	616 - 673	2.5676	2.5560	2.5638	0.3	2.5674	-0.4	2.5739	-0.4	-
Philippines	(Peso)	40.8777	+0.0555	406 - 148	41.1530	40.5783	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6568	+0.0076	550 - 585	5.6587	5.6395	-	-	-	-	-	-	-
Singapore	(S$)	2.3184	+0.0013	170 - 198	2.3208	2.3112	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5339	+0.0248	313 - 365	5.5379	5.5000	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.3610	-0.0051	440 - 780	7.3785	7.2837	-	-	-	-	-	-	-
South Korea	(Won)	1216.00	+1.8	560 - 639	1216.55	1212.28	-	-	-	-	-	-	-
Taiwan	(T$)	40.6740	+0.2209	406 - 074	40.7700	40.4200	-	-	-	-	-	-	-
Thailand	(Bt)	37.9816	+0.0592	564 - 067	38.0070	37.8780	-	-	-	-	-	-	-

†SDR rate for May 23. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

May 24		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.5875	+0.014	850 - 900	11.6150	11.5710	11.595	-0.8	11.5965	-0.3	11.5103	0.7	103.4
Belgium	(BFr)	33.9300	+0.0635	100 - 500	33.9550	33.8350	33.955	-0.9	33.98	-0.6	33.85	0.2	104.7
Denmark	(DKr)	6.4544	+0.0177	534 - 554	6.4606	6.4298	6.4639	-1.8	6.4769	-1.4	6.4824	-0.4	104.2
Finland	(FM)	5.4056	+0.0236	006 - 106	5.4113	5.3776	5.4081	-0.6	5.4101	-0.3	5.4231	-0.3	76.5
France	(FFr)	5.6390	+0.012	380 - 400	5.6485	5.6235	5.6462	-1.5	5.6543	-1.1	5.6258	0.2	104.8
Germany	(DM)	1.6478	+0.0022	475 - 481	1.6505	1.6428	1.6492	-1.1	1.6506	-0.7	1.6444	0.2	105.3
Greece	(Dr)	245.155	+0.59	700 - 610	245.750	244.200	246.505	-6.6	247.355	-3.6	249.655	-1.8	69.7
Ireland	(I£)	1.4760	-0.013	750 - 770	1.4833	1.4731	1.4747	1.1	1.4724	1.0	1.469	0.5	-
Italy	(L)	1590.35	+0.6	985 - 085	1593.00	1588.50	1594.8	-3.4	1602.85	-3.1	1623.85	-2.1	78.6
Luxembourg	(LFr)	33.9300	+0.0635	100 - 500	33.9550	33.8350	33.955	-0.9	33.98	-0.6	33.85	0.2	104.7
Netherlands	(Fl)	1.8483	+0.0018	480 - 485	1.8520	1.8446	1.8496	-0.8	1.8504	-0.4	1.8379	0.6	104.3
Norway	(NKr)	7.1364	+0.0155	354 - 374	7.1474	7.1124	7.1394	-0.5	7.1409	-0.3	7.1164	0.3	95.7
Portugal	(Es)	170.425	+0.275	350 - 500	170.570	170.100	171.39	-6.8	173.01	-6.1	177.375	-4.1	92.8
Spain	(Pta)	135.625	+0.075	600 - 650	136.010	135.550	136.02	-3.5	136.7	-3.2	138.6	-2.2	80.3
Sweden	(SKr)	7.7244	+0.0604	200 - 288	7.7391	7.6668	7.7429	-2.9	7.7689	-2.3	7.8294	-1.4	82.4
Switzerland	(SFr)	1.4081	-0.0004	076 - 085	1.4110	1.4039	1.4083	-0.1	1.4065	0.5	1.3904	1.3	103.6
UK	(£)	1.5084	+0.002	080 - 088	1.5095	1.5030	1.5075	0.7	1.5064	0.5	1.5044	0.3	88.1
Ecu	-	1.1689	-0.0009	686 - 691	1.1707	1.1662	1.1674	1.5	1.1656	1.1	1.1707	-0.1	-
SDR†	-	1.41664	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9985	-	984 - 985	0.9985	0.9961	-	-	-	-	-	-	-
Brazil	(Cr)	1724.93	+28.63	492 - 494	1724.95	1724.90	-	-	-	-	-	-	-
Canada	(C$)	1.3793	+0.0007	790 - 795	1.3800	1.3757	1.3814	-1.8	1.3845	-1.5	1.3966	-1.3	83.4
Mexico	(New Peso)	3.2960	-0.0025	910 - 010	3.3025	3.2900	3.297	-0.4	3.2988	-0.3	3.3062	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	99.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3592	-0.0028	587 - 596	1.3633	1.3584	1.3645	-4.6	1.3634	-1.2	1.3617	-0.2	89.2
Hong Kong	(HK$)	7.7250	-	245 - 255	7.7255	7.7245	7.7245	0.1	7.727	-0.1	7.7412	-0.2	-
India	(Rs)	31.3700	-	650 - 750	31.3750	31.3650	31.45	-3.1	31.595	-2.9	-	-	-
Japan	(Y)	104.445	+0.045	400 - 490	104.850	104.000	104.24	2.4	103.81	2.4	101.385	2.9	145.5
Malaysia	(M$)	2.5975	+0.0043	960 - 990	2.5990	2.5915	2.59	3.5	2.5865	1.7	2.6175	-0.8	-
New Zealand	(NZ$)	1.7001	+0.0019	987 - 015	1.7015	1.6985	1.7019	-1.3	1.7065	-1.5	1.7282	-1.7	-
Philippines	(Peso)	27.1000	-	500 - 500	27.2500	26.9000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-0.0001	500 - 503	3.7503	3.7500	3.7508	-0.2	3.7528	-0.3	3.7655	-0.4	-
Singapore	(S$)	1.5370	-0.0012	365 - 375	1.5380	1.5355	1.5363	0.6	1.536	0.3	1.538	-0.1	-
S Africa (Com.)	(R)	3.6688	+0.0115	680 - 695	3.6705	3.6530	3.6843	-5.1	3.7126	-4.8	3.7893	-3.3	-
S Africa (Fin.)	(R)	4.8800	-0.01	700 - 900	4.9000	4.8400	4.9137	-8.3	4.9725	-7.6	-	-	-
South Korea	(Won)	806.150	+0.1	100 - 200	806.400	806.100	809.15	-4.5	812.65	-3.2	831.15	-3.1	-
Taiwan	(T$)	26.9650	+0.11	500 - 800	26.9800	26.8600	26.985	-0.9	27.025	-0.9	-	-	-
Thailand	(Bt)	25.1800	+0.005	700 - 900	25.2000	25.1700	25.2525	-3.5	25.38	-3.2	25.86	-2.7	-

†SDR rate for May 23. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices May 23. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

May 24		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.02	16.62	4.857	1.997	4687	5.447	21.02	502.3	399.8	22.76	4.150	1.954	4.088	2.946	307.7	2.522
Denmark	(DKr)	52.57	10	8.737	2.553	1.050	2464	2.864	11.05	264.1	210.1	11.97	2.182	1.027	2.137	1.549	161.8	1.326
France	(FFr)	60.17	11.45	10	2.923	1.202	2820	3.278	12.65	302.3	240.5	13.70	2.497	1.176	2.447	1.773	185.2	1.518
Germany	(DM)	20.59	3.916	3.422	1	0.411	965.0	1.121	4.328	103.4	82.30	4.686	0.854	0.402	0.837	0.607	63.35	0.519
Ireland	(I£)	50.08	9.526	8.323	2.432	1	2347	2.728	10.53	251.6	200.2	11.40	2.078	0.978	2.036	1.476	154.1	1.263
Italy	(L)	2.133	0.406	0.355	0.104	0.043	100.	0.116	0.449	10.72	8.529	0.486	0.089	0.042	0.087	0.063	6.565	0.054
Netherlands	(Fl)	18.36	3.492	3.051	0.892	0.367	860.5	1	3.859	92.22	73.39	4.179	0.762	0.359	0.746	0.541	56.49	0.463
Norway	(NKr)	47.57	9.048	7.905	2.310	0.950	2230	2.591	10	238.9	190.1	10.83	1.974	0.929	1.934	1.401	146.4	1.200
Portugal	(Es)	19.91	3.787	3.308	0.967	0.398	933.1	1.084	4.185	100.	79.56	4.531	0.826	0.389	0.809	0.587	61.26	0.502
Spain	(Pta)	25.01	4.759	4.157	1.215	0.500	1173	1.363	5.259	125.7	100.	5.694	1.038	0.489	1.017	0.737	76.98	0.631
Sweden	(SKr)	43.93	8.357	7.301	2.134	0.877	2059	2.393	9.236	220.7	175.6	10	1.823	0.858	1.786	1.294	135.2	1.108
Switzerland	(SFr)	24.10	4.584	4.005	1.170	0.481	1129	1.313	5.066	121.0	96.33	5.485	1	0.471	0.980	0.710	74.15	0.608
UK	(£)	51.18	9.736	8.506	2.486	1.022	2399	2.788	10.76	257.1	204.6	11.65	2.124	1	2.081	1.508	157.5	1.291
Canada	(C$)	24.59	4.679	4.087	1.195	0.491	1153	1.340	5.171	123.5	98.32	5.598	1.021	0.481	1	0.725	75.68	0.620
US	($)	33.94	6.456	5.641	1.649	0.678	1591	1.849	7.135	170.5	135.7	7.725	1.408	0.663	1.380	1	104.4	0.856
Japan	(Y)	325.0	61.82	54.01	15.78	6.489	15232	17.70	68.32	1632	1299	73.97	13.49	6.349	13.21	9.575	1000.	8.197
Ecu		39.64	7.541	6.589	1.926	0.792	1858	2.160	8.335	199.1	158.5	9.024	1.645	0.775	1.612	1.168	122.0	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6085	0.6065	-0.0020	0.6085	0.6056	37,117	122,644
Sep	0.6055	0.6058	-0.0020	0.6065	0.6055	1,352	10,250
Dec	0.6085	0.6065	-0.0018	0.6066	0.6085	60	291

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9598	0.9614	+0.0016	0.9631	0.9575	16,541	57,166
Sep	0.9650	0.9661	+0.0016	0.9696	0.9650	517	6,157
Dec	-	0.9740	-	-	-	116	905

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7128	0.7102	-0.0025	0.7128	0.7090	19,911	41,750
Sep	0.7110	0.7116	-0.0019	0.7122	0.7110	205	2,676
Dec	-	0.7145	-	-	0.7145	2	338

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5060	1.5046	-0.0020	1.5088	1.5034	10,523	44,326
Sep	1.5030	1.5020	-0.0028	1.5036	1.5020	979	2,563
Dec	-	1.5040	-	-	-	12	59

EMS EUROPEAN CURRENCY UNIT RATES

May 24	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.792556	+0.005139	-1.99	5.48	13
Netherlands	2.19672	2.16413	-0.00293	-1.48	4.94	-
Belgium	40.2123	39.7038	-0.0502	-1.26	4.71	9
Germany	1.94964	1.92929	-0.00209	-1.04	4.47	-
France	6.53883	6.60266	-0.00243	0.98	2.38	-8
Denmark	7.43679	7.55209	-0.00084	1.55	1.81	-11
Spain	154.250	158.920	-0.728	3.03	0.35	-21
Portugal	192.854	199.379	-0.371	3.38	0.00	-23
NON ERM MEMBERS						
Greece	264.513	286.115	-4.944	8.17	-4.42	-
Italy	1793.19	1862.10	+10.3	3.84	-0.44	-
UK	0.786749	0.777864	+0.003084	-1.13	4.58	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Jun	Jul	Aug	PUTS Jun	Jul	Aug
1.425	7.80	7.80	7.93	-	0.07	0.28
1.450	5.37	5.59	5.89	-	0.29	0.66
1.475	3.01	3.60	4.06	0.10	0.79	1.31
1.500	1.17	2.08	2.58	0.70	1.70	2.31
1.525	0.25	1.04	1.57	2.27	3.10	3.67
1.550	-	0.45	0.86	4.47	4.98	5.44

Previous day's vol., Calls 2,199 Puts 24,053 . Prev. day's open int., Calls 496,578 Puts 446,897

WORLD INTEREST RATES

MONEY RATES

May 24	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	5⅜	5¾	5¾	5⅝	5¾	7.40	4.50	-
week ago	5⅜	5¾	5¾	5⅝	6⅛	7.40	4.50	-
France	5 11/16	5 11/16	5¾	5¾	5 11/16	5.40	-	6.75
week ago	5¾	5 11/16	5⅝	5½	5½	5.50	-	6.75
Germany	5.33	5.25	5.08	5.00	5.00	6.00	4.50	5.23
week ago	5.43	5.25	5.03	4.98	4.98	6.00	4.50	5.41
Ireland	5⅝	5⅞	6⅛	5¾	6⅛	-	-	6.25
week ago	5 13/16	5⅞	6	6⅛	6⅜	-	-	6.25
Italy	7⅝	7¾	7 13/16	7⅞	8	-	7.00	7.55
week ago	7¾	7¾	7⅞	7¾	7⅞	-	7.00	8.10
Netherlands	5.15	5.19	5.21	5.24	5.25	-	5.25	-
week ago	5.12	5.19	5.06	5.02	5.00	-	5.25	-
Switzerland	4¼	4¼	4¼	4¼	4⅜	6.625	3.50	-
week ago	4⅜	4¼	4⅛	4⅛	4⅛	6.625	3.50	-
US	4⅜	4¼	4⅝	4¾	5⅛	-	3.50	-
week ago	4⅛	4¼	4½	5⅛	5½	-	3.00	-
Japan	2	2¼	2¼	2¼	2½	-	1.75	-
week ago	2	2⅛	2⅛	2¼	2⅜	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	4½	4¾	5	5⅜	-	-	-
week ago	-	4½	4 13/16	5⅛	5 11/16	-	-	-
US Dollar CDs	-	4.16	4.43	4.84	5.27	-	-	-
week ago	-	4.16	4.48	4.91	5.50	-	-	-
SDR Linked Ds	-	3¾	4	4⅜	4⅜	-	-	-
week ago	-	3¾	4	4⅜	4⅝	-	-	-

ECU Linked Ds mid rates: 1 mth: 6¼; 3 mths: 5¾; 6 mths: 5¾; 1 year: 5 11/16. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

May 24	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5⅜ - 5¼	5 9/16 - 5 7/16	5⅝ - 5½
Danish Krone	6⅛ - 5⅝	6⅛ - 5⅝	5 13/16 - 5 9/16	5 13/16 - 5 9/16	5 13/16 - 5 9/16	5 13/16 - 5 9/16
D-Mark	5 7/16 - 5 5/16	5⅜ - 5¼	5⅜ - 5¼	5¼ - 5⅛	5¼ - 5⅛	5⅜ - 5¼
Dutch Guilder	5¼ - 5⅛	5¼ - 5⅛	5 3/16 - 5⅛	5¼ - 5⅛	5¼ - 5⅛	5 5/16 - 5 3/16
French Franc	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5 11/16 - 5 9/16	5 11/16 - 5 9/16
Portuguese Esc.	9⅞ - 9⅛	10⅞ - 10⅝	11½ - 11¼	11⅛ - 10¾	11⅛ - 10⅝	10⅜ - 9¾
Spanish Peseta	7¾ - 7⅜	7¾ - 7½	7¾ - 7½	7¾ - 7½	7 13/16 - 7 9/16	7⅞ - 7¾
Sterling	5⅛ - 4⅞	4 13/16 - 4 11/16	5 1/32 - 4 31/32	5⅛ - 5 1/16	5⅜ - 5¼	5⅞ - 5¾
Swiss Franc	4⅜ - 4⅛	4⅜ - 4⅛	4¼ - 4⅛	4 3/16 - 4 1/16	4 3/16 - 4 1/16	4 7/16 - 4 5/16
Can. Dollar	5⅞ - 5⅝	5 13/16 - 5 11/16	5⅞ - 5¾	6⅛ - 6	6 7/16 - 6 5/16	6⅞ - 6¾
US Dollar	4¼ - 4⅛	4¼ - 4⅛	4 5/16 - 4 3/16	4⅝ - 4½	4 15/16 - 4 13/16	5½ - 5⅜
Italian Lira	9 - 7½	7⅝ - 7¼	7⅝ - 7¼	7⅝ - 7¼	7⅝ - 7⅜	8⅛ - 7⅞
Yen	2⅛ - 2 1/16	2⅛ - 2 1/16	2 3/32 - 2 1/32	2 5/32 - 2 3/32	2¼ - 2 3/16	2⅜ - 2 5/16
Asian $Sing	3⅞ - 3¾	3⅞ - 3¾	4 7/16 - 4 5/16	4¾ - 4⅝	5 3/16 - 5 1/16	5 13/16 - 5 11/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.38	94.42	-0.06	94.43	94.30	24,354	57,322
Sep	94.45	94.50	-0.14	94.55	94.39	37,530	50,260
Dec	94.37	94.40	-0.17	94.43	94.28	22,980	34,427
Mar	94.25	94.28	-0.19	94.30	94.19	9,441	36,025

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.22	95.23	-0.02	95.22	95.22	470	5458
Sep	94.63	94.65	-0.01	94.63	94.62	171	1915
Dec	94.08	94.11	-0.01	94.08	94.06	7	1506
Mar	93.84	93.88	-0.03	93.84	93.84	38	1042

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.81	94.84	+0.02	94.85	94.81	25090	167634
Sep	94.84	94.91	+0.07	94.93	94.84	51030	185800
Dec	94.67	94.77	+0.09	94.80	94.67	60169	236627
Mar	94.55	94.64	+0.10	94.67	94.54	43589	204246

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.28	92.27	-0.01	92.33	92.27	3261	31175
Sep	92.30	92.32	+0.02	92.37	92.30	4679	50420
Dec	92.18	92.15	+0.02	92.18	92.12	3110	47731
Mar	92.00	91.97	+0.02	92.01	91.95	1112	12793

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.87	95.86	-0.01	95.91	95.85	2380	23851
Sep	95.91	95.89	-	95.93	95.88	4426	13992
Dec	95.85	95.80	+0.01	95.85	95.80	1040	8294
Mar	95.65	95.63	+0.03	95.66	95.61	1389	3317

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.02	94.05	+0.05	94.08	94.02	1694	9701
Sep	94.17	94.24	+0.08	94.27	94.17	1049	11807
Dec	94.06	94.11	+0.07	94.18	94.06	537	7707
Mar	93.83	93.91	+0.10	93.93	93.83	342	3225

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.22	95.23	+0.01	95.25	95.21	60,175	371,819
Sep	94.62	94.64	+0.02	94.66	94.61	123,191	412,493
Dec	94.07	94.10	+0.03	94.11	94.06	176,815	406,024

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.61	95.63	+0.01	95.63	95.61	6,673	18,298
Sep	95.05	95.08	+0.02	95.08	95.05	3,826	15,675
Dec	94.60	94.63	+0.03	94.63	94.60	252	7,425

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9475	0.11	0.26	0.28	0.02	0.10	0.26
9500	0.02	0.13	0.17	0.18	0.22	0.40
9525	0	0.06	0.10	0.41	0.40	0.58

Est. vol. total, Calls 12646 Puts 11665. Previous day's open int., Calls 243555 Puts 179798

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9575	0.13	0.25	0.29	0.02	0.11	0.24
9600	0.01	0.12	0.17	0.15	0.23	0.37
9625	0	0.05	0.09	0.39	0.41	0.54

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 400 Puts 3604

UK INTEREST RATES

LONDON MONEY RATES

May 24	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 - 3	4 13/16 - 4 11/16	5 1/16 - 4 15/16	5 3/16 - 5 1/16	5⅜ - 5¼	5⅞ - 5¾
Sterling CDs	-	-	5 - 4 15/16	5 3/32 - 5 1/32	5 9/32 - 5 7/32	5¾ - 5 11/16
Treasury Bills	-	-	4 27/32 - 4 25/32	4⅞ - 4 13/16	-	-
Bank Bills	-	-	4 27/32 - 4 13/16	4 29/32 - 4⅞	5⅛ - 5 1/16	-
Local authority deps.	4 11/16 - 4 9/16	4 13/16 - 4 11/16	5 - 4⅞	5⅛ - 5	5 5/16 - 5 3/16	5 11/16 - 5 9/16
Discount Market deps	4¾ - 4	4⅞ - 4¾	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.7430pc. ECGD fixed rate Stg. Export Finance. Make up day April 29, 1994. Agreed rate for period May 26, 1994 to Jun 25, 1994, Schemes II & III 6.56pc. Reference rate for period Apr 1, 1994 to Apr 29, 1994, Schemes IV & V 5.286pc. Finance House Base Rate 5½pc from May 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.70	94.68	-0.02	94.70	94.69	4475	67320
Sep	94.38	94.37	-0.02	94.40	94.36	12392	92073
Dec	93.98	93.95	-0.04	94.02	93.93	17170	122770
Mar	93.50	93.41	-0.08	93.51	93.38	6365	54120

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9450	0.19	0.13	0.11	0	0.26	0.68
9475	0.03	0.06	0.06	0.09	0.44	0.86
9500	0	0.02	0.02	0.31	0.65	1.07

Est. vol. total, Calls 4700 Puts 4014. Previous day's open int., Calls 178908 Puts 157220

BASE LENDING RATES

Adam & Company 5.25
Allied Trust Bank 5.25
AIB Bank 5.25
●Henry Ansbacher 5.25
Bank of Baroda 5.25
Banco Bilbao Vizcaya 5.25
Bank of Cyprus 5.25
Bank of Ireland 5.25
Bank of India 5.25
Bank of Scotland 5.25
Barclays Bank 5.25
Brit Bk of Mid East 5.25
●Brown Shipley & Co Ltd 5.25
CL Bank Nederland 5.25
Citibank NA 5.25
Clydesdale Bank 5.25
The Co-operative Bank 5.25
Coutts & Co 5.25
Credit Lyonnais 5.25
Cyprus Popular Bank 5.25
Duncan Lawrie 5.25
Exeter Bank Limited 6.25
Financial & Gen Bank 6
●Robert Fleming & Co 5.25
Girobank 5.25
●Guinness Mahon 5.25
Habib Bank AG Zurich 5.25
●Hambros Bank 5.25
Heritable & Gen Inv Bk 5.25
●Hill Samuel 5.25
C. Hoare & Co 5.25
Hongkong & Shanghai 5.25
Julian Hodge Bank 5.25
●Leopold Joseph & Sons 5.25
Lloyds Bank 5.25
Meghraj Bank Ltd 5.25
Midland Bank 5.25
*Mount Banking 6
NatWestminster 5.25
●Rea Brothers 5.25
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution. 6
Royal Bk of Scotland 5.25
●Smith & Williamson Secs. 5.25
TSB 5.25
●United Bk of Kuwait 5.25
Unity Trust Bank Plc 5.25
Western Trust 5.25
Whiteaway Laidlaw 5.25
Yorkshire Bank 5.25

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	4.70	-	4.78	3-Mth
Deposits Over £1 million	4.80	-	4.88	3-Mth
Deposits Over £2 million	4.90	-	4.99	3-Mth
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	4.80	-	4.89	3-Mth
Cent. Bd. of Fin. of Church of England‡ 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	4.95	-	5.04	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
Aitken Hume Bank plc 30 City Road, London EC1Y 2AY. 071-638 6070				
Treasury Account – for professional advisers				
£25,000–£49,999	4.75	3.5625	4.85	Mth
£50,000 or more	5.00	3.75	5.12	Mth
Weekly Inc Acc – for personal and business clients				
Up to £9,999	3.25	2.4375	3.30	Mth
£10,000 – £24,999	4.00	3.00	4.07	Mth
£25,000 – £49,999	4.50	3.375	4.59	Mth
£50,000 or more	4.75	3.5625	4.85	Mth
Money Market quotations – please telephone				
Allied Trust Bank Ltd 25 Dowgate Hill, London, EC4R 2AT 071-626 0879				
POMMA (£2,001 +)	6.54	4.90	6.54	Yearly
TREMMA (£2,001 +)	5.85	4.39	5.85	Yearly
TOMMA (£2,001 +)	5.64	4.23	5.64	Yearly
OMMA (£2,001 +)	5.33	3.99	5.33	Yearly
HICA (£2,001 +)	4.00	3.00	4.07	Mth
HIBCA (£2001+)	4.00	3.00	4.07	Mth
Premier TESSA	6.87	5.15	6.87	Yearly
American Express Bank Ltd Sussex House, Burgess Hill RH15 9AQ 0444 232444				
High Performance Cheque Account				
£500-£999.99	1.00	0.75	1.00	Mth
£1,000-£4,999.99	3.50	2.63	3.56	Mth
£5,000-£9,999.99	3.75	2.81	3.82	Mth
£10,000-£24,999.99	4.00	3.00	4.07	Mth
£25,000-£49,999.99	4.25	3.19	4.33	Mth
£50,000+	4.75	3.56	4.85	Mth
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
£10,000 +	3.500	2.625	3.546	Qtr
£2,000-£9,999	2.50	1.875	2.524	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	3.50	2.62	3.56	Mth
£25,000-£249,999	3.75	2.81	3.82	Mth
£250,000+	5.00	3.75	5.12	Mth
Barclays Select PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	4.00	3.00	4.00	Yearly
£10,000-£24,999	4.75	3.56	4.75	Yearly
£25,000-£49,999	5.00	3.75	5.00	Yearly
£50,000-£99,999	5.25	3.94	5.25	Yearly
£100,000+	5.50	4.13	5.50	Yearly
Barclays Prime Account H.I.C.A. PO Box 125, Northampton 0604 252891				
£1,000-£2,499	2.00	1.50	2.02	Qtr
£2,500-£9,999	2.25	1.69	2.27	Qtr
£10,000-£24,999	2.75	2.06	2.78	Qtr
£25,000+	3.35	[illegible]	3.38	Qtr
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
HICA	4.00	3.00	4.07	Qtr
Prof Demand A/c	4.00	3.00	4.07	Qtr
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	4.75	3.5625	-	Yearly
Cater Allen Ltd 20 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	3.75	2.81	3.81	Mth
Fixed £50,000+	4.62	-	4.72	Mth
Overnight £50,000+	4.25	-	4.33	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH. 071-248 4000				
£2,500-£19,999	4.25	3.19	4.33	Mth
£20,000-£49,999	4.50	3.38	4.59	Mth
£50,000-£99,999	4.75	3.56	4.85	Mth
£100,000+	5.00	3.75	5.12	Mth
$5,000-$49,999	2.25	1.69	2.27	Mth
$50,000-$99,999	2.75	2.06	2.78	Mth
$100,000-$199,999	3.00	2.25	3.04	Mth
$200,000+	3.25	2.44	3.30	Mth
Many other currencies are available – for rates please phone ext 2166				
Clydesdale Bank Flexible Solution Acc 30 St Vincent Place, Glasgow G1 2HL 041-248 7070				
£10,000-£29,999	3.70	2.78	3.75	Qtr
£30,000-£99,999	3.75	2.81	3.80	Qtr
£100,000-£199,999	3.80	2.85	3.85	Qtr
The Co-operative Bank PO Box 300, Skelmersdale, Lancs 0345 252000				
TESSA	5.25	-	-	Yearly
Pathfinder – Card Based Current Account				
All Balances	4.90	3.68	5.01	Mth
Investment 90 – 90 Day Notice Savings				
£50,000+	5.25	3.94	5.32	6-Mth
£25,000-£49,999	4.50	3.38	4.55	6-Mth
£10,000-£24,999	4.00	3.00	4.04	6-Mth
£5,000-£9,999	3.00	2.25	3.02	6-Mth
Top Tier – Instant Access Savings				
£50,000+	3.75	2.81	3.79	6-Mth
£10,000-£49,999	3.25	2.44	3.28	6-Mth
£5,000-£9,999	2.25	1.69	2.26	6-Mth
Business Deposit – Instant Access				
£250,000+	4.25	3.19	4.30	6-Mth
£50,000-£249,999	3.00	2.25	3.02	6-Mth
£10,000-£49,999	2.75	2.06	2.77	6-Mth
£500-£9,999	2.31	1.73	2.32	6-Mth
30-60 day notice available Tel 061-829 5526				
Coutts & Co 440 Strand, London WC2R 0QS 071-753 1000				
Coutts Composite Account for client money 15 Lombard Street, London EC3V 9AU [illegible]				
Rates negotiable up to	4.40	-	-	-
Dao Heng Bank (London) PLC Premier Acc 10 Angel Court, London EC2R 7HP 071-606 [illegible]				
£70,000+	5.00	3.75	5.09	Qtr
£10,001-£70,000	4.25	3.19	4.32	Qtr
£2,500-£10,000	3.75	2.81	3.80	Qtr
Savings Account	2.75	2.06	2.78	Qtr
Davenham Trst Plc–Davenham 500 Acc 8 St John St, Manchester M3 4DU 061-832 8484				
£10,000- 90days	7.25	5.4375	-	6-Mth
£10,000+ 1 Year	7.50	5.625	7.6	Yearly
£5,000 - Fixed Rate till 7/95	8.00	6.00	7.7	-
Fidelity Money Market Account Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth, Surrey, KT20 6RB				
£1–£49,999	3.75	2.81	3.80	Qtr
£50,000–£249,999	4.25	3.187	4.32	Qtr
£250,000–£499,999	4.375	3.2812	4.44	Qtr
£500,000+ Money Market Rates on request				
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 333333				
Rates for personal customers				
£50,000 and above	5.00	3.75	5.12	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Rates for non-personal customers				
£50,000 and above	5.25	3.94	5.35	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Deposit Acc	6.00	4.50	6.00	-
3 Mth Fixed Rate Deposit Acc	5.75	4.31	5.81	-
1 Mth Fixed Rate Deposit Acc	5.75	4.31	5.89	-
Humberclyde Finance Group 5 Bartley Way, Hook, Basingstoke. 0256 768888				
£50,000+	5.25	3.94	5.36	Qtr
Leopold Joseph & Sons Limited 29 Gresham Street, London EC2V 7EA 071-588 2323				
Treasury High Interest Cheque Account				
£25,001–£100,000	4.60	[illegible]	[illegible]	Qtr
£100,001 plus	4.75	[illegible]	[illegible]	Qtr
Kleinwort Benson Ltd [illegible]				
H.I.C.A. (£2,500+)	4	3.1875	4.33	Daily
Kleinwort Benson Private Bank (a division of Kleinwort Benson Investment Management Ltd) [illegible]				
H.I.C.A. (£2,500+)	4	3.1875	4.33	Daily
Lloyds Bank – Investment Account 71 Lombard St, London EC3P 3BS 0272 433372				
£100,000 and above	5.25	3.94	5.25	Yearly
£50,000+	5.15	3.86	5.15	Yearly
£25,000+	4.95	3.71	4.95	Yearly
£10,000+	4.75	3.56	4.75	Yearly
Midland Bank plc PO Box 2, Sheffield 0742 [illegible]				
Exchequer Acc £5000+	3.75	2.81	3.75	Yearly
£10,000+	4.50	3.37	4.50	Yearly
£25,000+	5.00	3.75	5.00	Yearly
£50,000+	5.50	4.12	5.50	Yearly
TESSA	6.25	-	6.25	Yearly
Nationwide Bldg Soc – Businessinvestor Business High Interest Cheque Account Pipers Way, Swindon [illegible]				
£2,000-£4,999	3.30	2.48	3.34	Qtr
£5,000-£9,999	3.80	2.85	3.85	Qtr
£10,000-£24,999	4.30	3.23	4.37	Qtr
£25,000-£49,999	4.80	3.60	4.89	Qtr
£50,000+	5.30	3.98	5.41	Qtr
Portman Bldg Soc Prestige Cheque Account Richmond Hill, Bournemouth, BH2 6EP 0800 [illegible]				
£50,000+	5.50	4.13	5.50	Yearly
£30,000-£49,999	5.00	3.75	5.00	Yearly
£20,000-£29,999	4.50	3.38	4.50	Yearly
£10,000-£19,999	3.50	2.63	3.50	Yearly
£2,500-£9,999	2.50	1.88	2.50	Yearly
Rea Brothers Limited, Bankers Alderman's Walk, London EC2M 3XR 071-623 1155				
Professionals' Client Account	4.75	3.56	4.85	Mth
Professionals' Office Account	4.50	3.38	4.59	Mth
£5,000+ Instant Access Dep.Ac.	4.25	3.19	4.32	Qtr
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE 031-523 [illegible]				
£50,000+	3.75	2.81	3.80	Qtr
£25,000 - £49,999	3.50	2.63	3.55	Qtr
£10,000 - £24,999	2.75	2.06	2.78	Qtr
£5,000 - £9,999	2.00	1.50	2.02	Qtr
£2,000 - £4,999	1.50	1.13	1.51	Qtr
Save & Prosper/Robert Fleming 16-22 Western Rd, Romford RM1 3LB. 0800 282101				
Client Account	3.75	2.81	3.82	Daily
TESSA Fixed 1 Year	4.66	-	4.75	Mth
TESSA Variable	4.41	-	4.50	Mth
Tyndall Bank plc 29-33 Princess Victoria St, Bristol 0272 744720				
HMA £5000+/Master Plus	3.625	2.719	3.678	Qtr
Demand/HMA £10000+	3.750	2.813	3.803	Qtr
HMA £50000+	3.875	2.906	3.932	Qtr
HMA £100000+	4.000	3.000	4.060	Qtr
Tyndall TESSA	4.375	-	4.447	Qtr
ULC Trust Limited 1 Great Cumberland Pl, London W1H 7AL 071-258 0094				
£10,000–90 day notice	6.75	5.06	6.92	3-Mth
£10,000–180 day notice	7.50	5.63	7.64	6-Mth
£25,000 – 1 Year	7.25	5.44	-	Yearly
United Dominions Trust Ltd PO Box 92, Herts, EN4 0DY 081-447 2438				
Capital Plus Cheque Account				
£1,000+	4.75	3.56	4.84	Qtr
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	3.625	2.72	3.67	Mth
£10,000 and above	3.875	2.91	3.93	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	4.75	3.56	4.84	Qtr
£5,000-£14,999	4.50	3.38	4.58	Qtr
£1,000-£4,999	4.25	3.19	4.32	Qtr

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (May 24 / Sch)

		+/-	High	Low	Yld	P/E
AustAir	1,570	-80	2,200	1,750	2.7	—
BkAust	995	-25	1,270	995	0.8	—
CredPf	686	-8	894	638	1.5	—
EA Gen	3,540	-10	4,250	3,500	—	—
EVN	1,345	-10	1,713	1,298	7.4	—
Lenzg	1,277	-3	1,387	1,050	1.3	—
OeMv	992	-7	1,071	895	1.5	—
PerlZm	950	—	1,050	935	2.1	—
RadexH	472	-1	496	403	2.1	—
SteyrD	257	+4	256	171	2.3	—
Veitsg	357	-3	405	326	1.7	—
VoeStA	611	-4	791	588	2.8	—
VoiAlr	458	—	800	451	1.7	—
Wienbg	3,650	-56	4,340	3,520	1.0	—

BELGIUM/LUXEMBOURG (May 24 / Frs.)

DENMARK (May 24 / Kr)

FINLAND (May 24 / Mka)

FRANCE (May 24 / Frs.)

GERMANY (May 24 / Dm.)

ITALY (May 24 / Lire)

NETHERLANDS (May 24 / Fls.)

		+/-	High	Low	Yld	P/E
ABNAmr	62.30	-.50	73.70	60.10	4.7	—
AEGON	99.10xd	-1.90	110.50	90.80	3.8	—
Ahold	47.20	-1.50	53.40	46.30	—	—
AKZO N	209.30	-3.40	228	187.80	3.1	—
AmvDpR	73.30	+.40	88.40	69.80	4.2	—
BolsWs	38.90	-.20	47.20	38.90	—	—
BoskDR	45.80	+.70	52	42	2.0	—
CSM	68.20	-1.30	77.50	64.60	—	—
DSM	132.80	-4	148	105.80	1.1	—
DschPe	196.20xd	-3.30	208	173.70	2.5	—
Elsevr	175.80	-3.20	195.70	162.70	1.5	—
FdkDpR	16.90	—	25	13.90	4.4	—
Gamma	102.80	+.30	109.50	86	3.9	—
GBrDpR	49.20	—	58.80	49.10	2.6	—
Hagmyr	141.50	-1.80	157.50	123	—	—
Heinkn	227.80	-1.80	244.20	210.70	1.5	—
HolBo	316xd	+1	335.50	264	3.7	—
HgvDpR	72.40	-.50	78	48.50	6.1	—
HunDgl	70xd	-1.30	93.50	73.50	2.0	—
IHCCal	40.30	-1	45	37.20	3.0	—
IntDpR	78.10	+.20	94.70	74.20	0.2	—
IntMue	88xd	+.50	90.80	81	2.6	—
KLM	50.90	-1.90	58.70	40.80	2.0	—
KNP BT	49.10	-.40	52	44	0.9	—
KPkDpR	52.50	-.80	57.20	48.50	2.9	—
Nedlyd	77.80	-.80	85.30	58.60	4.2	—
NMTelC	84	-.80	100.20	82.20	2.4	—
NVBDpR	83	+2.50	94.60	65.75	—	—
OceVGr	77	-2.80	89.50	66.50	2.9	—
Philp	52.70	-.80	57.80	40	0.8	—
PolyGr	77.80	-1.20	84.50	73.50	1.0	—
Robeco	120.40	-.50	131	118.20	2.9	—
Rodmco	60.80	—	68	58	5.1	—
Rolinc	121.80	-.10	135.40	118.20	2.5	—
Rorent	92.30	—	100.50	91.80	4.8	—
RDutch	199.20xd	-1.60	215.40	195.20	4.3	—
StorkX	49.50	—	50.30	40.30	1.5	—
UnilDp	191.90	-1.80	236	191.10	3.1	—
VNU	177.40	-1.80	200.80	169	2.0	—
VnOOpR	54.30	-.80	56.50	45.30	1.8	—
WKIDpR	117.40	-.90	133.50	104.20	1.3	—

NORWAY (May 24 / Kroner)

SPAIN (May 24 / Pta.)

SWEDEN (May 24 / Kroner)

SWITZERLAND (May 24 / Frs.)

PACIFIC

JAPAN (May 24 / Yen)

AUSTRALIA (May 24 / Aust.$)

HONG KONG (May 24 / H.K.$)

MALAYSIA (May 24 / M.YR)

SINGAPORE (May 24 / S$)

NORTH AMERICA

CANADA

TORONTO (May 24 / Can $)

4 pm close

MONTREAL (May 24 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (May 24 / Rand)

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, May 24, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsui Eng	12.7m	359	+12	Sanyo Elec	7.5m	533	+6
Mitsui Osk	8.9m	404	+17	NKK	7.0m	280	-4
Nippon Steel	8.6m	368	-1	M'bishi Hvy	7.0m	715	+1
Kawasaki Steel	8.4m	399	-2	Isuzu Motors	6.6m	500	+7
Hitachi	7.7m	1010		Matsushita	5.8m	1750	+20

INDICES

	May 24	May 23	May 20	1994 High	1994 Low
Argentina					
General (29/12/77)	(u)	20606.89	21282.46	23478.49 18/2	17758.99 20/4
Australia					
All Ordinaries(1/1/80)	2132.4	2121.0	2103.9	2340.60 3/2	1999.10 5/5
All Mining(1/1/80)	1057.3	1047.3	1030.3	1138.10 3/2	994.60 5/5
Austria					
Credit Aktien(30/12/84)	417.31	(c)	419.27	488.85 2/2	413.44 9/5
Traded Index(2/1/91)	1076.98	(c)	1076.89	1222.25 1/2	1033.85 9/5
Belgium					
BEL20 (1/1/91)	1532.57	(c)	1538.96	[illegible] 9/2	1492.76 30/3
Brazil					
Bovespa (29/12/83)	(u)	20963.0	20317.0	20963.0 23/5	[illegible] 3/1
Canada					
Metals Minls♦(1975)	(u)	(c)	3752.51	3879.59 18/3	3298.66 20/4
Composite♦ (1975)	(u)	(c)	4298.40	4608.93 23/3	4105.89 20/4
Portfolio$$ (4/1/83)	(u)	(c)	2007.47	2192.89 1/2	1913.37 19/4
Chile					
IPSA Gen (31/12/80)	(u)	4319.8	4319.8	4697.29 4/2	3901.20 4/4
Denmark					
CopenhagenSE(3/1/83)	369.23	(c)	372.18	416.79 2/2	369.23 24/5
Finland					
HEX General(28/12/90)	1857.0	1879.5	1881.2	1932.08 4/2	1601.10 3/1
France					
SBF 250 (31/12/90)	1417.26	(c)	1432.82	1605.29 2/2	1402.89 21/4
CAC 40(31/12/87)	2133.32	(c)	2155.43	2355.93 2/2	2061.94 31/3
Germany					
FAZ Aktien(31/12/58)	835.16	(c)	850.65	[illegible] 18/5	776.33 2/3
Commerzbank(1/12/53)	2378.5	(c)	2424.1	2655.80 2/5	2221.29 2/3
DAX (30/12/87)‡	2198.72	(c)	2240.65	2271.11 16/5	2029.38 2/3
Greece					
Athens SE(31/12/80)	854.25	887.06	912.99	1194.85 18/1	854.25 24/5
Hong Kong					
Hang Seng(31/7/64)	9490.11	9580.78	9631.63	12201.09 4/1	[illegible] 4/5
India					
BSE Sens.(1979)	3704.3	3737.2	3763.6	4287.90 29/2	3454.80 5/1
Indonesia					
Jakarta Comp.(10/8/82)	501.97	498.36	487.99	612.88 5/1	464.32 26/4
Ireland					
ISEQ Overall(4/1/88)	1813.98	1821.82	1819.15	2082.18 20/1	1792.80 16/5
Italy					
Banca Comm Ital (1972)	755.24	757.97	776.45	817.17 10/5	588.85 10/1
MIB General (4/1/94)	1219.0	1224.0	1254.0	1318.80 10/5	944.60 10/1
Japan					
Nikkei 225 (16/5/49)	20622.12	20668.71	20342.17	20677.77 16/3	17369.74 4/1
Nikkei 300 (1/10/82)	302.57	302.80	300.37	304.26 1/3	269.22 4/1
Topix (4/1/68)	1655.62	1654.21	1642.54	1655.62 24/5	1445.97 4/1
2nd Section (4/1/68)	2314.94	2317.81	2324.19	2330.08 16/5	1973.33 4/1
Malaysia					
KLSE Comp.(4/4/86)	987.26	999.10	1001.16	1314.46 5/1	929.33 4/4
Mexico					
IPC (Nov 1978)	(u)	2431.43	2417.30	2881.17 8/2	1957.33 20/4
Netherland					
CBS TtlRtnGen(End 83)	433.7	(c)	437.9	464.99 31/1	417.40 5/4
CBS All Shr (End 83)	275.7	(c)	278.3	294.99 31/1	269.90 31/3
New Zealand					
Cap. 40 (1/7/86)	2158.22	2138.24	2133.45	2438.64 3/2	2012.82 5/5
Norway					
Oslo SE(Ind)(2/1/83)	1128.73	(c)	1141.02	1211.18 28/2	1072.87 3/1
Philippines					
Manila Comp (2/1/85)	2901.98	2922.17	2870.32	3099.37 4/1	2507.38 9/3
Portugal					
BTA (1977)	2918.4	2918.8	2926.8	3229.90 18/2	2619.80 3/1
Singapore					
SES All-S'pore(2/4/75)	571.80	576.30	574.86	641.84 4/1	523.28 4/4
South Africa					
JSE Gold (28/9/78)	1985.0♥	1990.0	1908.0	2331.00 4/1	1749.00 14/2
JSE Ind. (28/9/78)	6633.0♥	6640.0	6821.0	6710.00 13/5	5446.00 19/1
South Korea					
KoreaCmpEx(4/1/80)**	945.89	945.50	949.50	974.26 2/2	855.37 2/4
Spain					
Madrid SE (30/12/85)	336.52	337.91	338.20	388.31 31/1	309.73 20/4
Sweden					
AffarsvardsGen (1/2/37)	1519.6	(c)	1531.1	1699.99 31/1	1409.80 31/3
Switzerland					
Swiss Bk Ind (31/12/58)	1274.74	(c)	1280.84	1429.34 31/1	1239.75 9/5
SBC General (1/4/87)	965.08	(c)	967.15	1099.29 31/1	917.83 9/5
Taiwan					
WeightedPr.(30/6/66)**	5769.12	5817.58	5805.79	6484.52 6/1	5194.63 19/3
Thailand					
Bangkok SET (30/4/75)	(c)	1338.59	1338.19	1753.73 4/1	1198.59 4/4
Turkey					
Istanbul Comp.(Jan 1986)	(c)	(c)	(c)	[illegible] 13/1	12980.78 24/3
WORLD					
MS Capital Int (1/1/70)$	619.1*	620.1	621.-	641.80 1/2	591.80 4/4
CROSS-BORDER					
Eurotrack 100(26/10/90)	1435.77	1448.42	1458.87	1549.19 31/1	1393.89 2/3
Euro Top-100 (26/6/90)	1246.59	1250.78	1263.63	1321.91 2/2	1202.49 2/3
JCapelDrgns (31/12/88)	(u)	324.72	325.66	365.19 5/1	298.28 21/3
Barings Emerg.(7/1/92)	155.46	155.62	155.27	182.72 14/2	141.86 21/4

**Sat May 21: Taiwan Weighted Price 5851.18; Korea Comp Ex 946.19. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: May 24 – 2188.01 –50.96

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open int.
May	2141.0	2135.0	-20.0	2142.5	2120.0	29,917	22,067
Jun	2128.0	2117.5	-31.5	2123.0	2107.0	5,554	37,111
Jul	2120.5	2115.5	-31.0	2120.5	2100.5	153	1,050

Open interest figures for previous day.

US INDICES

Dow Jones	May 23	May 20	May 19	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3742.41	3766.35	3758.98	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.71	97.84	97.85	105.61 (21/1)	96.43 (13/5)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1596.77	1600.96	1618.86	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	182.57	183.89	184.02	227.98 (3/1)	177.76 (12/5)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3770.65 (3788.76) Low 3711.40 (3721.84) (Theoretical♦)
Day's high 3768.35 (3789.19) Low 3727.08 (3740.87) (Actual♦)

Standard and Poors	May 23	May 20	May 19	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	453.20	454.92	456.48	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	529.08	530.56	531.81	550.59 (2/2)	518.05 (21/4)	550.59 (2/2/94)	3.62 (21/6/32)
Financial	45.08	45.19	45.46	48.30 (31/1)	41.38 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	250.78	251.56	252.16	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	437.84	438.20	437.04	487.89 (2/2)	427.80 (20/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	724.95	726.70	727.31	803.93 (18/3)	705.51 (20/4)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	May 13	May 6	Apr 29	Year ago
Dow Jones Ind. Div. Yield	2.76	2.77	2.76	2.97
	May 18	May 11	May 4	Year ago
S & P Ind. Div. yield	2.48	2.54	2.48	2.52
S & P Ind. P/E ratio	24.06	23.62	23.96	26.25

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	453.85	454.25	+0.35	454.50	453.45	64,944	190,900
Sep	456.55	456.85	+0.45	456.70	456.55	792	20,389
Dec	459.10	459.10	+0.05	459.10	459.10	44	7,824

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Gerber	10,885,900	50⅝	+15⅛
RJR Nabisco	6,213,400	6	-⅛
Philip Morris	4,891,700	55¼	+1½
Telefonos	4,582,600	60¾	+⅜
Royal Dutch	3,812,100	107¾	—
Citicorp	3,059,000	39⅛	+⅛
Wal-Mart	2,515,800	23	-⅛
Gen Electric	2,417,800	46⅝	-⅜
Motorola	2,362,300	47	-⅜
IBM	2,068,600	61⅞	-⅛

■ TRADING ACTIVITY

● Volume (millions)

	May 23	May 20	May 19
New York SE	249.398	295.180	303.650
Amex	12.348	15.046	16.206
NASDAQ	230.697	283.618	335.751
NYSE			
Issues Traded	2,813	2,813	2,816
Rises	908	1,006	1,297
Falls	1,221	1,138	861
Unchanged	684	669	658
New Highs	31	29	38
New Lows	58	43	40

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close May 24

1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅞	14⅛	AAR	0.48	3.3	487	52	14⅝	14⅝	14⅝	
16⅞	13⅜	A L Labs A	0.18	1.4	30	223	13½	d13¼	13¼	-⅛
65¾	57⅞	AMP	1.68	2.6	23	993	u66	65	65¾	+⅝
72¾	52½	AMR			28	1897	55½	55	55	-⅛
5	3⅝	ARX			14	36	4¼	4⅛	4¼	
56⅛	38⅝	ASA x	2.00	4.6	28	765	44½	42⅞	43¾	-1¼
30⅝	25⅜	AbbtL	0.76	2.6	17	15353	29½	28⅝	29¼	+¼
13¾	11⅝	Abitibi Pr	0.50	4.0	8	20	12½	12⅜	12⅜	-⅛
13¾	11⅛	Acptncin			23	11	12½	12½	12½	+⅛
31	24½	ACE Ltd	0.44	1.6	4	646	28⅜	28	28	-⅛
12½	10⅛	ACM Gvt In	1.09	10.2		292	10⅞	10¾	10¾	
10⅛	7⅞	ACM GvOpp	0.80	9.2		62	8⅝	8½	8⅝	
10⅝	8⅜	ACM Gvt Sp	0.96	11.1		314	8⅝	d8⅜	8⅝	+¼
12	9⅛	ACM Gvt Se	1.09	11.1		271	10	9⅞	9⅞	-⅛
11¾	8¾	ACM Man	1.08	11.7		161	9⅜	9¼	9¼	-⅛
9¼	8	ACM Managd	0.72	8.3		58	8⅝	8⅜	8⅝	+⅛
15½	8¾	AcmeClv	0.44	4.1	13	789	10¾	10	10⅝	+⅛
8½	6⅝	Acme Elect			5	104	7⅜	6⅞	7⅜	+⅜
28¾	23	Acordia	0.60	2.1	14	2	28⅜	28¼	28⅜	+¼
9⅞	6¾	Acxava	0.36	4.2	2	259	8⅝	8⅜	8½	+⅛
16¾	11¼	Acuson			117	833	u15⅞	15	15¾	+⅛
18⅞	16½	Adams Expr x	0.49	2.8	0	97	17	16⅞	17	+⅛
64	46½	Ad Micro	3.00	5.4		1303	58	54½	56	+1⅞
31¾	16¾	AdvMic	3.00	11.2	11	12593	27	25⅞	26⅞	+⅞
6⅞	5	Advest Grp	0.16	3.0	8	66	5⅜	5¼	5⅜	
20	16⅞	Advo Inc	0.10	0.6	110	34	16¾	16½	16⅝	+⅛
57¼	49⅜	Aegon ADR	2.95	5.6	11	118	53½	53¼	53¼	-1¼
65¾	49¾	AetnaL	2.76	5.1	8	1217	55	54½	54⅝	+⅜
33½	25¼	Aflac x	0.46	1.4	14	1168	33	32⅝	32¾	+¼
20¼	16⅞	Ahmson	0.88	4.8	12	1589	18½	18⅜	18⅜	
4	1⅝	Aileen Inc			1	16	2⅜	2¼	2⅜	
49⅞	38⅞	AirPrC	0.92	2.2	23	4902	42⅛	41½	41⅞	+⅜
39⅞	31½	Airbrn Frt	0.30	0.8	22	164	37⅞	37⅜	37⅜	-¼
25	19¾	Airgas Inc			43	184	24⅞	24⅝	24⅞	
16⅛	14¾	Airlease	1.84	11.7	12	14	15¾	15⅝	15¾	+⅛
24⅞	21⅜	AirTch				8116	24⅜	24	24	-⅛
106½	101	AlaPw8.16	8.16	7.8		3	104	104	104	
18⅞	13⅝	Alaska Air	0.20	1.3	9	67	15⅞	15¾	15⅞	
21¾	17¾	Albany Int	0.35	2.0	30	34	17⅞	d17¾	17¾	-⅛
15⅞	13¾	Alberti	0.20	1.3		665	15⅛	14¾	15⅛	+⅝
25⅛	19⅝	AlbCuB	0.28	1.4	19	30	20⅜	20	20	
21⅞	17¾	AlCulvr A	0.28	1.6	13	62	18¼	d17¾	18	+⅛
30⅞	25⅛	Albtsn	0.44	1.6	22	3371	28½	28	28⅛	+½
25⅛	19¾	AlcnAl x	0.30	1.4	39	2234	22⅜	22⅛	22⅛	
58⅞	48½	AlcoSt x	1.00	1.7	149	2306	u58⅞	58	58	
30⅛	23¼	AlexBrown	0.80	2.2	4	170	27	26⅝	26¾	-¼
22¾	14	AlexAl	1.00	7.0	26	2032	14¾	14⅜	14⅜	-⅛
24⅞	17	Allegh Lud x	0.48	2.7	16	483	17¾	17¼	17¾	+.81
26½	20⅜	AllegP	1.64	7.8	11	467	21¼	21	21⅛	+⅛
18¾	13½	Allen Con	0.16	0.9	14	1488	17⅛	16¾	16⅞	
25¾	20	Allergan x	0.40	1.6	15	974	24⅝	24⅜	24½	
4⅛	1½	AlTou			7	6	2	1⅞	1⅞	
27⅛	17¼	Allnce Cap	1.84	8.3	20	278	19⅞	19⅝	19¾	-⅜
10½	8	Allnce Gl	0.18	1.9		22	9⅜	9⅜	9⅜	
27⅝	21⅝	Ald Irish	1.24	5.4	14	17	23	23	23	
40¾	33⅛	AldSig x	0.67	1.9	7	18898	35⅛	33¾	35	+½
29½	24	Alltel Crp	0.88	3.4	18	2507	26⅜	25⅜	26	-¼
5¾	4⅜	Allwaste			19	1037	5⅛	4⅞	5⅛	
27¾	21¼	Alumax			8	765	26	25⅝	25⅝	-⅜
82	64¼	Alcoa	1.60	2.3	94	1847	71⅛	69⅞	69⅝	-1
30¾	20¼	Alza Cp A			46	4145	25⅛	24¼	25	+¾
11⅛	8¼	AmGovInc	0.96	10.8		166	8⅞	8¾	8⅞	
8¼	6¼	Am Precis	0.25	3.6	24	28	7	7	7	-⅛
8¼	6¼	AmaxGd	0.08	1.0	6	916	8	7¾	7¾	-⅜
25⅞	20⅝	Amcast Ind	0.48	2.3	14	43	21⅜	21⅛	21⅛	-⅛
51⅝	44	AmdaHs	0.60	1.2	21	1719	51⅛	50¼	50⅞	+¾
9⅞	8⅞	Am Adj R	0.24	2.7		124	9⅛	9	9	
31	20½	Am Barrick x	0.10	0.4	32	10984	25¼	24⅜	24½	-⅜
35⅞	29⅜	AmBrnd	2.00	6.3	9	4141	31⅞	31	31½	+⅜
19¾	17¼	Am Build M	0.52	2.9	12	6	17¾	17¾	17¾	
25¾	20⅞	Am Bus Prd	0.80	3.7	13	z100	21⅜	21⅜	21⅜	-⅛
8	6⅝	Am Cap Inc	0.65	9.2		69	7	6⅞	7	+¼
20½	17½	Am Cap Bd	1.54	8.4	32	24	18¼	18⅛	18¼	+⅛
23½	19¾	Am Cap CV	1.08	5.2	0	45	21⅛	20¾	20¾	+⅛
52	42¼	AmCyan x	1.85	3.6	28	1919	51⅜	50¾	51	+⅛
37½	27¼	AmEPw	2.40	8.3	15	3074	29⅛	28½	29	+⅜
33⅛	26⅜	AmExpr	1.00	3.4	12	5737	29¾	29¼	29⅝	+⅛
29⅝	24⅞	AmGenl	1.16	4.4	23	2373	26¾	26⅜	26½	+½
9¼	6⅝	Am Govt In	0.77	10.8		382	7¼	7	7⅛	-⅛
27¼	24½	Am Hlth Pr	2.30	8.8	9	154	26⅛	26	26	-⅛
20⅛	16¾	Am Heritge x	0.66	3.9	10	82	17¾	16⅞	17⅛	+⅜
65¾	55⅝	AmHome	2.92	5.1	12	4604	57⅝	56¼	56⅞	+¾
2⅞	2¼	Am Hotels	0.75	28.6	9	44	2⅝	2⅜	2⅝	+¼
93½	81⅞	AmIntl	0.40	0.4	16	6209	u94	92⅛	93⅞	+1⅝
11¼	8⅛	Am Opp Inc	1.00	11.3		309	9	8⅞	8⅞	-⅛
27⅞	23⅜	AmPrem	0.88	3.2		301	u27⅞	27½	27⅞	+¼
34	19	Am Presdt	0.40	2.0	7	1131	20¾	20⅛	20⅜	+⅛
8⅜	7⅜	Am Real Es	0.44	5.8	5	105	7⅝	7⅝	7⅝	
27¼	21	AmStor	0.48	1.9	7	3877	26	25	25	-⅜
22½	18	Am Watr 5%	1.25	6.2		2	20	19¼	20	+1½
32¼	27	Am Watr	1.08	3.9	12	125	27⅞	27⅜	27¾	
43⅛	36¼	Amrtch	1.92	5.0	13	4422	39¼	38½	38½	-½
43½	35⅜	Ameron Inc	1.28	3.5	5	10	36⅛	36	36⅛	
14½	11⅝	Ametek	0.24	1.7	140	880	u14½	14	14	-⅜
58¼	50⅞	Amoco	2.20	3.8	15	7181	58¼	57½	57⅞	+¾
9¾	7	AmpcoPitt	0.10	1.2	6	16	8	7⅞	8	+⅛
4⅝	3⅛	Amre Inc	0.12	3.6	36	90	3⅜	3⅜	3⅜	-⅛
32¾	28⅜	Amsouth	1.40	4.4	10	589	31⅞	31¼	31⅝	-⅛
4¼	3⅛	Anacomp			12	688	3⅜	3¼	3¼	-⅛
58½	42⅛	Anadarko	0.30	0.5	80	2895	56¾	56	56⅛	-⅜
31⅛	23⅜	Analog			28	1000	27¾	27½	27½	-¼
29⅜	24½	Angelica	0.94	3.8	23	31	26⅜	26¼	26¼	+¼
54⅞	47⅛	AnBsch	1.44	2.7	25	2810	54½	53⅝	54¼	+½
28¾	25⅛	ANR PpePf	2.67	10.6		3	25⅛	d25⅛	25⅛	
34	23	Anthem			17	145	25¾	25½	25½	+⅛
18⅞	14⅝	Anthony In	0.44	2.9	15	20	15¼	15	15¼	+⅛
35	30	Aon Cp	1.92	5.7	7	367	33⅞	33⅝	33¾	-⅛
29	22¼	Apache Crp	0.28	1.1	38	571	26⅞	26¼	26⅝	+⅛
10⅝	9½	Apex Mun F x	0.73	7.6		154	9¾	9⅝	9⅝	-⅛
18½	14⅛	APH			29	1849	17⅛	16⅞	17	+⅛
7⅜	5	Appld Mag			1	74	5½	5⅜	5⅜	+⅛
22⅝	16¼	Appl Pw A x	0.12	0.6	32	18	20⅝	20⅜	20⅜	-¼
27⅛	22⅜	ArchDn	0.10	0.4	16	3624	23⅞	23½	23½	
50½	43⅛	Arco Chem	2.50	5.4	20	43	46⅞	46⅝	46⅝	+⅛
51⅞	47	Armco 4.5P x	4.50	9.3		2	48½	48¼	48½	-⅜
6⅞	4½	Armco			2	2882	5⅞	5¾	5¾	+⅛
29	23⅛	Armco 2.1P x	2.10	8.7		2	24⅛	24⅛	24⅛	+¼
57½	49⅜	ArmstW	1.28	2.5	38	1977	51⅜	50¼	50¾	-⅛
45⅛	33⅝	Arrow Elec			16	531	39⅞	39⅝	39⅞	+¼
7¾	4⅜	Artra Grp			2	28	5	4¾	5	+¼
33¾	24⅛	Arvin Ind	0.76	3.2	13	609	24½	d23¾	24⅛	-⅜
27⅝	21⅜	Asarco	0.40	1.5	82	1645	26⅞	26⅜	26½	-⅛
31¼	22½	Ashld Coal x	0.40	1.6	10	9	25⅝	25⅜	25⅝	+¼
44½	34	AshOil	1.00	2.7	13	2135	37¾	36⅞	37½	+¾
25⅝	16⅝	Asia Pac F	0.27	1.4		58	20	19¾	20	+⅛
3½	1⅞	Asset Invr	0.20	6.7	1	107	3	2⅞	3	+⅛
37	31¼	Asa Nt Gas	0.12	0.3	24	138	36⅛	36	36⅛	-¼
57⅛	49½	AT&T	1.32	2.4		8662	56¼	55¾	55¾	-⅛
263½	228½	Atl Rich 2 x	2.80	1.2		3	241¼	241¼	241¼	
38⅞	34	Atlnta Gas x	2.08	6.0	15	154	35⅛	34⅜	34⅞	+¼
9¼	6¼	Atlnta Sos	0.28	4.5	6	z100	6¼	d6¼	6¼	
21¾	17¼	Atlntc Egy	1.54	8.6	9	376	18⅛	17¾	17⅞	-¼
112⅞	92½	AtlRch x	5.50	5.4	61	2141	102¼	101	102	+1½
10	4¼	Atlas			1	405	7⅛	6¾	6⅞	-⅜
20¼	17¼	Atmos Egy x	0.88	4.8	8	176	18⅜	18¼	18¼	-⅛
12½	8¼	Atwds ADR	0.46	4.8	4	486	9⅝	9⅜	9⅝	+¼
24⅜	17½	Augat	0.40	2.1	23	690	20	19⅜	19½	-⅝
12⅜	8¾	Austria Fd	0.10	1.1		131	9⅛	9	9	-⅛
55½	47⅞	AuData	0.60	1.2	23	2713	52⅛	50⅝	51¼	+½
20¼	14½	Avemco	0.44	2.8	11	18	15⅞	15¾	15¾	-⅛
19	14	Avlall	0.04	0.3	3	1129	14½	14⅛	14⅜	+⅜
45	30¾	Avnet	0.60	1.7	18	840	34¾	34	34¾	+1
61¼	48⅜	AvonPr x	1.80	3.0	17	4824	u61¼	60½	60½	-⅛
14¼	11¾	Aydin Corp			10	20	12	d11⅝	11⅝	-⅜
7⅞	5⅞	Aztar			23	386	6¾	6½	6½	-⅛

- B -

1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
38¾	34¼	BCE	2.68	7.7	238	1574	35¼	35	35	
9½	7	BET ADR	0.15	1.9	32	260	7⅞	7¾	7¾	-⅛
4	3	Bairnco	0.20	4.7	6	1085	u4¼	4	4¼	+¼
17⅞	16¼	Baker Fent	0.40	2.4		103	17⅛	16⅞	17	
22⅛	17	BakerH	0.46	2.3	45	4343	20¼	19¾	19¾	-⅛
27⅛	21½	Baldor Elc	0.40	1.9	20	270	22	d21¼	21¼	-1
30½	24⅜	BallCp	0.60	2.1	25	618	28⅝	28⅞	29	-¾
15¼	11⅜	BlldMd	0.05	0.4	18	120	13	12⅝	12⅞	+¼
7	6¾	Bally			11	1205	u7	d6¾	6¾	-¼
25½	20½	BaltGE	1.52	6.8	12	1482	22½	22¼	22⅜	+⅛
19¾	13⅞	Balt Bnkcp	0.20	1.0	29	106	u19¾	19⅝	19⅝	
35½	30¾	BncOne	1.24	3.8	10	7229	33⅜	32¾	32¾	-¼
29⅛	19⅛	BancFlrda			10	58	28⅞	28¾	28¾	-⅛
25½	20¾	BancoBil V	1.54	6.4	8	200	24½	24	24⅛	-¼
11⅝	9½	BancoCentH	0.72	6.5	5	3	11	11	11	
32⅝	27	BcpHawaii x	1.04	3.2	7	707	32½	31⅞	32½	+½
1¾	1¼	BancTexas			50	347	1½	1⅜	1½	
63½	49⅛	Bandag	0.70	1.4	17	177	51¼	50⅞	51	
49¼	38⅜	BankAm x	1.60	3.3	10	12048	48¾	47⅞	48	+½
96	85	Bank Bost x	5.56	6.5		2	87	d85	86	
27¼	22⅛	BkBstn	0.88	3.2	12	7880	u27¾	27⅛	27½	+½
49¼	46¼	Bk Bostn P x	3.04	6.5		z100	46½	46½	46½	
30	25	BankNY	1.10	3.6	5	8980	u30½	30⅛	30¼	+¼
50½	47½	BankAm A	3.25	6.7		16	48¼	47¾	48¼	+⅛
95	81	BankAm B	6.00	7.2		z100	83¾	83¼	83¾	-¼
84⅝	64½	BnkTst	3.60	5.2	5	4248	69⅜	66⅝	69	+2½
38¾	30	Bclays	1.29	4.0	94	407	33	32¼	32¼	-½
30½	22⅜	Bard (C R)	0.56	2.3	20	511	24⅝	24¼	24¼	-⅛
36¾	29½	Barnes Grp	1.40	3.9	50	5	35¾	35½	36½	-¼
48⅛	39¾	BarnBk	1.64	3.5	11	3084	46⅞	45⅞	45¾	+¾
12½	8⅞	BattlM	0.05	0.5	207	3362	10⅝	10¼	10⅜	-¼
53⅞	42⅝	Bausch	0.98	1.9	19	3689	50⅞	50	50¾	+1
26¼	21⅝	Baxter	1.00	3.9	36	2949	25⅞	25½	25⅝	
28⅜	23⅜	Bay St Gas x	1.46	5.9	14	124	24¾	24⅛	24⅝	+⅜
22½	19⅛	Bd Tr 1838	1.72	8.3		32	21	20¾	20¾	-¼
23½	17½	Bear Strns	0.57	2.7	6	2528	21⅜	21	21¼	
50	48½	BearStPfA	2.83	5.7		11	49½	49½	49½	
37½	27¾	Bearings x	0.64	2.0	22	280	31¾	31½	31¾	+¼
28¾	23	Beckman In	0.40	1.7	19	282	24½	24	24	-¼
40¾	34⅛	BectnD	0.74	2.0	13	3187	37⅞	37⅛	37¾	-⅛
7¼	5	BedfPr	0.36	5.2	3	19	6⅞	6¾	6⅞	+¼
59⅝	49	BellAtl	2.76	5.3	15	3337	53	52¼	52¼	-⅝
19¾	14½	Bell In	0.40	2.4	14	48	16⅝	16⅜	16½	
69½	53	BellSth	2.76	4.7	28	2961	59⅜	58⅞	58⅞	-⅛
55	45½	Belo A x	0.60	1.2	22	352	49⅞	49⅜	49½	-½
25	20½	Bemis x	0.54	2.2	27	379	24⅛	23¾	24⅛	+¼
69	56¼	Benef 4.3P	4.30	7.4		3	57¼	d57¼	57¼	-½
40⅞	34½	Benef	1.52	4.1	12	497	37⅜	37	37¼	+¼
36⅞	29¼	Benetton A	0.42	1.2	21	104	35⅛	34½	35⅛	+⅝
1⅛	13/16	Benguet B	0.04	4.6	4	474	1	⅞	⅞	-1/16
19⅞	14⅝	BergBr	0.48	2.8	23	680	17⅜	17	17¼	
16850	15100	BerkH			44	270	16450	16300	16300	-105
9⅞	8	Berry Petr	0.40	4.2	160	657	u10	9½	9⅝	+⅛
37¾	19	Best Buy			18	2278	30¼	29	29⅞	+⅝
28⅛	26⅜	Bth St 2.5	2.50	9.6		34	26¾	d26⅛	26⅛	-½
55⅝	51½	Bethlhm Pf	5.00	9.5		4	52¾	52½	52¾	
24⅛	16¾	BethSt	0.40	2.2	6	2351	18½	18⅛	18⅛	-⅜
53⅝	43⅝	Betz L	1.40	3.0	22	152	46⅛	45¾	46	-⅛
18⅛	12⅞	BevEnt			31	2419	14½	13⅝	14	+¼
21¾	13⅞	Biocraft	0.10	0.6	24	121	16	15½	15¾	+⅜
32⅜	25	Birmingm S	0.40	1.4	85	653	29⅜	29⅛	29¼	-¼
22⅞	16½	BlDeck	0.40	2.2	16	5676	18¼	18	18	-⅛
22¾	20⅛	Black H PL	1.32	6.4	12	114	20¾	20½	20½	-½
10¾	8½	BlckrckAdv x	0.73	7.9		204	9⅛	8⅞	9⅛	+⅛
8½	6⅝	BlckrckInc x	0.75	10.7		1098	7	6¾	7	+⅛
10⅛	8⅝	BlckrckTgt x	0.70	7.7		1340	9⅛	9	9⅛	
48¾	39½	Block	1.12	2.7	24	1552	41⅞	41½	41½	+⅜
31⅜	23⅜	Blockb	0.10	0.4	23	9567	27⅛	26⅝	26⅝	+⅛
8⅝	6⅝	Blue Chip	0.12	1.8		44	6¾	6¾	6¾	
27⅝	19½	BMC Ind			14	62	25⅛	25	25	-⅛
48⅝	42⅛	Boeing	1.00	2.3	12	6422	44¾	44	44¼	+⅜
27¾	19	BoiseC	0.60	2.9	5	839	20⅞	20¼	20⅞	+½
21⅜	10⅛	Bolt B & N	0.06	0.5	32	1553	13⅝	12¾	12⅞	+⅜
14⅜	9⅞	Bordn Chm	0.84	5.9	353	1471	u14½	14⅛	14⅛	-¼
18⅞	11⅞	Borden	0.30	2.2	19	3839	13⅜	13	13⅜	+⅜
21	18½	Bostn Celt	1.25	6.1	6	34	20⅝	20⅜	20⅜	-⅛
24⅞	20⅜	Bowatr	0.60	2.4	13	3510	24½	24⅛	24½	+¼
31¾	18¾	Brazil Fnd	0.27	1.2		665	22⅝	21⅞	22¼	-¼
34⅝	30½	BRE Prop	2.40	7.7	7	65	31¼	30⅞	31	+⅛
90¼	77¾	BrigSt x	1.84	2.3	13	529	80½	78½	79¾	+1½
33¾	22¾	Brinkerint			22	3402	27⅜	26¾	26⅞	-⅜
59¾	50⅛	BrMySq	2.92	5.4	14	7128	55⅜	54⅞	54½	-⅛
74⅛	56½	Br Air	1.18	2.0	14	2586	59¼	58	59¼	+2¼
54⅛	42⅛	Brit Gas x	3.07	7.1	23	14	43	43	43	-¼
73½	55⅛	BP x	2.25	3.1	24	5461	72⅞	71¾	72⅛	+½
27	19⅛	BP Prudhoe	0.91	4.3	8	413	21⅜	20¾	21⅛	
23½	18	BSteel	0.19	0.9	21	111	21¼	21⅛	21⅛	-⅛
71¾	54⅞	BT	3.01	5.2	15	827	57⅞	57½	57⅞	-¼
28⅝	22⅛	BklynU	1.35	5.8	13	650	23¼	22⅞	23¼	+⅜
38⅞	32⅞	BrwnGp	1.60	4.2	97	258	38⅛	37½	38⅛	+⅝
8	6	BrwnSh	0.32	5.2	4	22	6⅛	6⅛	6⅛	-⅛
91½	83½	BrnFmB	2.84	3.2	14	333	89¼	88⅝	88⅜	-1⅛
30¼	24¼	BrFerr	0.68	2.4	24	4980	28¾	27¾	28¾	+1
4⅝	3½	BRT			9	37	4¼	4⅛	4⅛	-⅛
25⅜	17¾	Brnswk x	0.44	1.8	42	3189	24⅝	24¼	24½	
17¼	13⅜	Brush Well	0.20	1.1	44	863	u17⅝	17	17⅞	+½
41	35¼	Buckeye Pt	2.80	7.5	10	83	37⅝	37	37¼	+¼
16¼	14⅞	Bunker Hl	1.72	11.4	0	183	15⅛	15	15⅛	
17	15⅜	Burger K I	1.56	9.5	18	18	16⅝	16½	16½	-⅛
28¼	18	Burl Coat			14	176	20½	19⅞	20	-⅛
66⅝	52¼	BurlN	1.20	2.1	18	855	56⅞	56⅛	56⅛	+⅛
49⅝	41⅜	Burln Resc	0.55	1.3	21	2677	42¼	41¾	41⅞	-⅛
19⅛	17	Burnham Pc	1.40	7.8	23	645	18	17¾	18	+¼

- C -

1994 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
35⅞	28	CBI x	0.48	1.6	30	238	29¾	29	29¼	+½
323¾	269	CBS x	2.00	0.7	13	4193	274	d262½	270	-18
¾	⅜	CF Inc Uts	0.16	42.7	0	50	13/32	⅜	⅜	
25	20¼	CMS En	0.72	3.2	11	936	22⅜	22⅛	22¼	+¼
82¼	62½	CNA Fn			31	124	66½	66	66¼	-⅜
50½	44¼	CPC	1.36	2.8	16	6658	48½	47⅞	48	
17⅛	14	CPI Corp x	0.56	3.7	16	120	15⅛	15	15⅛	+⅛
92⅜	71	CSX x	1.76	2.4	21	2267	74	72⅞	73	+⅛
25½	19½	CTS Corp	0.40	1.6	19	34	25¼	24⅞	25¼	+⅜
24⅞	18⅝	Cable&Wire	0.29	1.4	19	528	20⅞	20¾	20⅞	-⅜
132½	89¼	Cabletron			24	975	98⅝	95⅜	97⅛	+2
56⅝	48¼	CabotC x	1.04	2.0	25	244	50⅞	49⅝	50⅞	+1
23½	18¾	Cabot O&G x	0.16	0.8	203	169	20½	20⅛	20⅜	-⅛
15⅝	10¼	CadnceDsgn			725	4392	15¼	14¼	14½	-¼
59	39½	Caesars Wl			10	4425	40	d38⅛	38⅛	-1¾
2⅜	1⅞	Cal Real E	0.20	10.7	2	14	2	d1⅞	1⅞	-⅛
15¼	11⅝	Calgon Cbn	0.16	1.2	28	218	13⅝	13⅜	13¾	
19½	15¾	CalEngy			16	310	17	16¾	16⅞	+⅛
16¼	9¾	Cal Fed			0	2415	11¼	11	11	
25⅝	17¾	Callmat Co	0.40	1.9	59	107	21⅝	21⅜	21½	-⅛
42⅛	36¾	CmpblS	1.12	3.0	15	2241	37⅝	37¼	37½	-⅛
13/16	13/32	Camptl Rs			16	113	9/16	½	½	-1/16
18½	14¾	CanPac	0.32	2.0	61	3619	16	15¾	15⅞	
755	603	CapCit	0.20	0.0	25	385	753½	732	735½	-17¼
38⅛	28¾	CapHld	0.80	2.7	9	1798	29⅞	29⅜	29⅝	
14¾	12⅜	Cpstd 1.26 x	1.26	9.6		206	13⅛	12⅞	13⅛	+¼
37¼	24	Capstd 1.6	1.60	6.8		5	23⅝	d23⅝	23⅝	-⅜
42⅛	25¾	Capstd Mge	3.32	12.6	7	718	26¾	26¼	26¼	-⅜
22⅞	15¾	Caremark			18	1117	19¾	19⅜	19¾	+⅛
35¼	30¼	CarlCo x	0.72	2.1	18	101	33⅝	32¾	33⅝	+⅛
20⅜	16⅜	Carlslin Cl			13	201	u20¾	20⅛	20¾	+½
13/16	⅜	Carolco Pc			0	332	13/32	d⅜	13/32	
13	9¼	Carolna Fr	0.20	1.8	10	506	11	10⅞	10⅞	
30	23	CarP&L	1.70	7.0	11	1012	24⅝	24¼	24¼	
66⅜	56½	CpntrT	2.40	4.1	14	37	59¼	59	59	-¼
26⅜	18	CarterWal	0.33	1.4	40	701	24⅞	23⅝	24⅝	+¾
18⅛	14	Cascde N G	0.96	6.3	14	26	15¼	15⅛	15¼	
10⅛	7⅜	Cash Amer	0.05	0.6	17	134	8⅝	8½	8½	
121⅜	88⅞	Catpir	0.60	0.6	16	6387	111¾	106⅞	108¼	-2¼
15	10¼	CDI Corp			35	185	14¼	14⅛	14⅛	-⅛
36⅝	32¼	Cedar Fair	2.00	6.0	12	261	33¼	33	33⅛	
13⅜	10⅜	CentEn	0.80	7.4	1	1647	10⅞	10⅝	10¾	+⅛
45¾	25⅜	Centex	0.20	0.8	10	1944	26	25⅝	25¾	-⅛
30⅜	25¾	Centr Hdsn	2.06	7.7	9	132	26¾	26½	26¾	+⅜
25¼	21¼	Centr Loui	1.46	6.1	13	42	24⅛	23⅞	24⅛	+¼
15	10⅝	Centr Main	0.90	8.0	6	673	11⅜	11⅛	11¼	
30	24⅝	Centr Nwsp	0.48	1.7	22	4	28	27¾	27¾	-⅜
22	15½	Centr Vrmt	1.42	8.6	10	153	16½	16¼	16½	+¼
30⅞	21⅛	CentSW	1.70	7.6	13	1284	22½	22	22¼	-⅛
27⅞	21⅞	Century Tl	0.32	1.2	19	349	26⅝	26⅛	26¼	
24⅞	18½	Cerldn			62	781	23⅛	23	23	-¼
36	28	Champln	0.20	0.6	18	1702	32⅛	31⅝	31⅞	+⅜
12¼	8⅞	Chaparral	0.20	2.2	84	21	9¼	9¼	9¼	-¼
15¾	10⅝	Chart Hse			24	90	12½	12¼	12¼	-¼
51⅛	49⅞	ChaseM P/F x	3.05	6.1		12	50¼	50⅛	50⅛	
37⅛	30½	ChaseM	1.32	3.6	19	4888	u37¼	36⅝	37	+⅝
3¾	1⅝	Chaus B			1	21	2⅛	2⅛	2⅛	-⅛
16¼	10¾	ChckSy			102	815	u16¾	16	16⅜	+⅜
12¼	12	Chem Bk C	0.70	5.8	0	419	u12¼	12⅛	12⅛	
34⅞	30¼	Chemed	2.04	5.9	19	145	34⅝	34¼	34⅜	
42⅛	33⅞	ChemBk	1.52	4.1	6	6068	37⅛	36⅜	36⅞	+⅞
11⅜	7⅛	Chem Waste	0.20	2.3	5	303	9	8¾	8¾	-⅛
27¼	22¼	Chesapeake	0.72	2.8	68	771	26¼	25⅝	25⅞	+¼
84⅝	82½	Chevrn	3.70	4.2	22	6411	87¼	86⅜	87¼	+⅜
56½	41½	Chile Fund	1.45	3.0		131	48	47⅛	47¾	+⅜
19⅜	11¼	ChiqBr x	0.20	1.5	14	2731	13½	13¼	13¼	
8¾	6⅝	Chock Full			76	168	6⅞	6¾	6⅞	+⅛
37	32	ChCrft			6	505	35⅝	35⅛	35⅜	+⅜
32½	24⅝	Christiana			49	466	u34½	32½	34½	+2
63½	44⅝	Chryslr	1.00	2.1	7	17255	49¾	48⅝	48⅝	-¼
88⅛	70¾	Chubb	1.84	2.3	20	1561	82¼	81	81⅝	-⅛
70½	57	Cigna	3.04	4.4	21	2734	69⅜	67	68⅜	+1⅜
9¼	7⅝	Cigna H I	0.90	11.4		339	7⅞	7¾	7⅞	
37½	29½	Cilcorp In x	2.46	7.9	12	31	31¼	31	31¼	
18⅞	15⅜	Cinn Bell	0.80	4.9	16	334	16¼	16⅛	16¼	+⅛
27⅝	21	Cinc Gas	1.72	7.8	73	585	22⅛	21⅞	22⅛	
25⅝	19½	CinMil x	0.36	1.8	15	212	20⅝	20⅜	20½	
3¾	2⅝	Cineplex O			337	1487	3⅜	3⅜	3⅜	-⅛
30⅝	25⅝	Cipsco x	2.00	7.5	10	143	26½	26⅛	26½	+¼
23	16⅝	Circuit Ct	0.08	0.4	15	10949	19¾	19½	19½	-¼
40¾	22⅞	Circus Cir			17	26530	24	d22⅜	22½	-1¾
44⅛	36¼	Citicp x	0.60	1.5	10	12017	39⅝	39⅛	39½	+½
26½	25	Citicp8.12	2.28	8.9		23	25¾	25⅝	25¾	+¼
96	84⅛	CtcpPf2Adj x	6.00	7.1		4	84½	84¼	84½	
180¾	95	CtcpPf3Adj x	7.00	7.3		3	96½	d95	96	-½
17¾	14⅛	Ctzn Util A			21	569	15⅜	14⅞	15	
18	14	Ctzn Util B	1.52	10.1	7	347	15½	15	15	
11¾	7⅛	City Natnl	0.64	5.9	31	627	11¼	10⅝	10⅞	-⅛
23⅛	12½	Claires St	0.12	1.0	10	742	12⅞	d12½	12½	-⅜
69⅛	50⅛	ClarkEq			27	1095	66	64¼	65⅝	-1⅞
26⅝	19¼	Clayton Hm			16	801	20½	20⅛	20¼	
11⅞	9⅝	Clemente G	0.57	5.6		63	10⅜	10¼	10¼	
89	76	Cleve7.56	7.56	9.9		5	76¼	d76	76	
45½	34⅜	ClevClf x	1.20	3.4	7	92	35⅝	35	35⅝	+¾
86	74	Clevld El	7.40	9.7		z50	76	76	76	
55¾	47	Clorox	1.80	3.5	16	384	51¾	50¾	50¾	-⅝
28⅛	22⅜	Club Med	0.30	1.2	11	8	24¾	24⅝	24⅝	
13	10¼	CNA Income	1.06	10.0		46	10¾	10½	10¾	+¼
18⅜	13⅝	Coachmen x	0.24	1.8	7	271	13½	d13¼	13¼	-⅜
17⅞	13	Coast Sav	0.40	2.8	15	221	14⅝	14⅜	14½	+⅛
33¾	27½	Coastl x	0.40	1.4	27	2120	28⅞	28⅜	28½	+⅜
44⅜	38⅞	Coca C	0.78	1.9	23	11134	40½	40	40¼	-¼
19¼	14	CocaEn	0.05	0.3	134	111	17⅝	17⅜	17½	+⅛
23½	16½	Coeur Daln	0.15	0.8	20	380	19¾	18¾	18¾	-1
28⅜	25⅜	Coleman			21	153	28⅛	27⅞	28⅛	
65⅝	55⅝	ColgPa	1.44	2.5	17	2801	58⅝	58	58⅛	-⅜
11⅝	9⅝	Colon Inv x	0.70	6.8		20	10¼	10¼	10¼	+⅛
8¾	7⅜	Colonial H	0.60	7.5		26	8	7⅞	8	
7⅛	6¼	Colonial I	0.70	10.9		127	6½	6⅜	6⅜	-⅛
8½	7¼	Colonial M	0.58	7.7		202	7⅜	d7¼	7¼	
30¾	21½	ColGas	2.32	7.9	9	564	30⅛	29⅜	29⅝	+⅛
45¼	36½	ColHCA	0.12	0.3	47	9744	39½	38½	39⅛	-⅝
24¼	17¾	Comdisco x	0.36	1.8	9	230	20	19¾	20	
30⅛	25⅛	Comerica	1.28	4.2	10	1452	u30⅜	29⅞	30¼	+⅜
25	18	Comintrc	0.68	2.9	17	10	23¼	23¼	23¼	-⅛
29	21⅜	Comml Met	0.48	2.3	13	63	21½	d21¼	21¼	-⅛
3¾	3	Commodore			0	510	3⅛	d3	3	
28⅝	23⅝	CommEd1.42	1.43	6.0		4	23¾	d23⅝	23¾	
25¾	22	CommEd1.9	1.90	8.6		21	22⅛	d22	22	
26	23	CommEd2.00	2.00	8.4	3	9	24	23⅞	23⅞	-⅛
28¾	22⅛	CommEd	1.60	6.6	141	4006	24¼	23⅝	24⅛	+¼
19	13	Commun Psy	0.36	2.6	24	2557	14¼	13⅜	14	+½
114⅜	72½	Compaq			21	8494	u116⅜	114⅛	116⅜	+2⅝
1¼	½	Comprehens			1	122	⅝	9/16	9/16	
44⅞	27⅜	CompAs	0.14	0.4	18	8131	37⅛	35½	37	+2
44	31⅝	CmpSci			28	1396	u44	43⅜	43⅝	+⅛
9¾	6⅝	Comptr TGp	0.10	1.1	3	189	9⅜	9⅛	9⅛	
30	20⅝	Comsat	0.74	3.3	12	1967	22⅞	22⅝	22¾	+⅛
29⅜	25½	CnAgra	0.72	2.6	17	5549	28½	28	28⅛	+⅛
31¾	23⅞	Connect NG	1.48	5.9	13	22	24⅞	24⅝	24⅞	
25	20	Connect En	1.28	5.9	15	9	21¾	21¾	21¾	+⅛
20½	12⅛	ConnerPer			1	4134	15	14¼	14⅝	+⅜
71¾	60	ConsE4.65	4.65	8.1		5	58½	d57½	57½	-2½
32⅜	26¼	ConsEd v	2.00	7.3	10	2382	27⅝	27¼	27⅜	-⅛
75	63⅛	Cons Ed Pf	5.00	8.0		10	63⅛	d62	62½	-⅝
29¼	21¾	CnsFrt			29	1142	26¼	25⅞	26	-¼
47	36¾	CnsNG	1.94	5.1	18	755	37⅞	37½	37⅞	
69¼	50⅜	CnRail	1.30	2.4	19	3119	54½	53½	54¼	+1⅛
20⅜	14⅜	Cons Store			18	5377	16¼	14⅞	14⅞	-1⅛
68¼	49½	Conseco	0.50	0.9	5	1738	55⅜	54⅜	54⅞	+½
60	53¼	CPwr 4.16	4.16	7.8		z90	53¼	d53¼	53¼	
100	85	CPwr 7.45	7.45	8.4		z100	89	89	89	-1
100¼	88¼	Con P7.68	7.68	8.4		2	91	91	91	
12⅝	7⅞	Cont Medic			24	525	9¾	9¼	9⅜	-⅜
50¾	49⅞	ContBk Pf	3.75	7.5		7	50¼	50¼	50¼	
27⅞	27	ContBkPfA	2.25	8.3		35	27½	27¼	27¼	-⅛
37½	25¾	ContBk	0.60	1.6	8	2113	37¼	36½	37	+⅜
28½	16⅞	ContCp	1.00	5.5	7	1378	18½	18⅛	18⅛	-⅛
10⅞	8¾	Conv Hlds	0.04	0.4		133	9⅛	9	9	-⅛
11⅜	10⅝	Conv H Pf	1.21	11.0		251	11	10¾	11	+⅛
7⅜	4⅜	Convex Com			1	502	4⅝	d4⅜	4⅜	-⅛
1⅞	15/16	Cooper Cos			1	383	1½	1⅜	1⅜	-⅛
52¼	35⅛	Coopln	1.32	3.5	13	871	38	37⅝	37¾	+⅛
29½	23⅜	Cooper T&R	0.22	0.8	21	1675	26⅛	25½	26⅛	+⅜
19½	10½	Core Ind	0.24	2.3	10	83	10⅞	10⅝	10⅝	
27⅝	24⅛	CrnstX	1.20	4.5	10	1454	27¼	26¾	26⅞	
33⅞	27⅝	Corning	0.68	2.0	474	1058	33⅝	33¼	33¼	
16¼	12⅛	Counslr Tm	0.12	1.0		20	12⅜	12⅜	12⅜	+⅛
19	13¼	Country Cr	0.32	2.0	5	8500	16⅛	15⅞	16	
11¾	7⅞	Country Mr	0.64	8.0	50	418	8⅛	8	8	
17⅝	15⅛	CousinsPr	0.88	5.1	37	99	17¼	16¾	17⅛	+½
12⅜	11⅜	Craig			6	71	12⅛	11⅞	12	
29½	24⅛	Crane	0.75	2.9	15	197	25¾	25½	25¾	+⅛
17	14¾	Crawford	0.50	3.1	15	15	16¼	16	16	-½
33¾	19¼	CrayRs			8	813	20⅞	20½	20¾	-⅜
49⅛	39⅜	CrstPn	1.60	3.4	13	714	48⅛	47⅜	47¾	-⅜
12	9⅜	CrmI	1.16	10.8	13	313	10⅞	10¾	10¾	

Continued on next page

4 pm close May 24

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	1994 Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
27	18¼	Safeway			23	849	24	23½	23½	-½
6⅞	4⅜	SafewayW98				55	5⅞	5½	5⅝	-⅛
57⅞	50¼	StJoePaper	0.20	0.4	288	30	55	54¾	54¾	-½
30¼	26½	StJosLP	1.80	6.3	14	2100	28½	28½	28½	-⅛
80	75⅞	StPaul	3.00	3.9	7	1170	77⅞	76⅞	77	-⅛
9⅞	6¼	Salant Crp			8	68	6½	d6¼	6½	+⅛
49⅞	37¾	Sallie Mae	1.40	3.4	8	3682	41¼	40⅞	41	+⅜
13⅞	11⅞	Salomon Br	0.28	2.3		146	12⅜	12¼	12¼	-⅛
52¾	44¾	Salomon	0.64	1.2	7	1825	52⅛	51⅝	51⅝	-½
25	18⅝	SnDgGE	1.52	7.5	10	692	19⅞	19¾	19⅞	+¼
10	7½	SantaFeERs	0.16	1.8	9	3052	8¾	8½	8¾	+⅛
40	34½	SantaFePac	2.80	7.8	16	37	36¼	36	36⅛	-⅛
28¼	19¾	SanFeP	0.10	0.4	12	4125	23⅛	22⅞	23	+⅛
26	20⅞	SaraLee	0.64	2.9	15	5577	22¼	21¾	22¼	+⅛
50⅛	42⅛	Scana Corp	2.82	6.4	11	123	44¼	44	44⅛	
20½	13¾	Scecrp	1.42	10.2	9	6238	14	d13¾	13⅞	+⅛
40½	34¼	SchrerP			28	133	37½	36⅞	37½	+1
69⅞	54½	SchPl	2.04	3.2	15	5062	65¼	64	64½	+¾
67½	50¼	Schlmb	1.20	2.1	23	2339	57⅞	56⅞	56½	-⅞
33	25¼	SchwabC	0.20	0.6	14	1115	31⅛	30⅞	30¾	-¼
10¾	6⅛	Schweitzer			22	450	8¼	7⅞	8	
37⅞	24⅞	SciAtl	0.12	0.3	75	6072	u38⅛	36⅞	37⅝	+⅝
16⅞	13⅛	Scotsman	0.10	0.7	13	212	14½	14⅜	14½	
48½	37¼	ScottP x	0.80	1.7	12	4580	47⅞	46⅝	47⅛	-⅞
28⅝	18⅝	ScuddrNAsF	0.21	0.9		49	22⅞	22½	22¾	+½
12⅝	9¾	ScuddrNEuF	0.16	1.4		88	11⅛	11	11⅛	
18¼	13½	SeaCnB	0.70	4.4	7	2	15⅞	15⅞	15⅞	+½
16½	15⅛	SeaC1.4625	1.46	9.1		3	16	16	16	+⅛
31	26¼	Seagrm	0.56	1.9	37	3381	30	29¼	29⅝	+¼
29¾	23	Seagull En			38	1275	25⅞	25¼	25⅝	-⅛
31⅞	26⅝	Sealed Air			20	560	27⅞	27⅛	27¾	+⅛
55⅛	42¼	SearsR x	1.60	3.2	8	5767	50⅝	48⅞	50⅝	+2⅜
13¾	11¼	Seligm Sel x	0.84	7.1		44	11⅞	11¾	11⅞	
39¼	26⅝	Sensormat	0.22	0.7	31	917	30⅞	30½	30½	-⅛
39¾	27¼	SequaA	0.60	1.9	5	647	31½	31¼	31⅜	-⅛
40¼	28	SequaB	0.50	1.5	17	82	33	32½	33	+½
28	22½	ServCp	0.42	1.7	19	1635	24⅝	23¾	24⅜	+⅝
28⅝	22	SvMstr	0.92	3.8	12	143	24¼	24	24⅛	+⅛

NASDAQ NATIONAL MARKET

4 pm close May 24

AMEX COMPOSITE PRICES

4 pm close May 24

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Pertol	0.80	51	57	12½	12¼	12¼	
Pet H&P	1.84	14	2	26⅜	26¼	26¼	
Phil LD	0.23	19	267	69¾	69⅜	69½	
Pittway A	0.50	20	24	u38	37⅝	37⅞	+⅜
Ply Gem	0.12	26	1884	20⅛	19⅞	20	
PMC	0.90	17	28	15¼	14⅞	15¼	+⅜
PresidioA	0.10	1	35	1⅝	1⅝	1⅝	+1/16
RaganBrad		31	2	29	28½	29	
RB&W Cp		3	17	u7	6⅞	7	+¼
RiedelEnv		0	24	1 11/16	d1½	1 11/16	+1/16
SJW Corp	2.10	9	5	36½	d36⅜	36⅜	-⅜
StadUnion		17	21	18¾	18⅝	18¾	+⅛
Stad El	0.04	14	207	12½	12¼	12½	+⅛
TII Ind		21	67	3 11/16	3⅝	3⅝	
Tab Prods x	0.20	54	2	9⅜	9⅜	9⅜	-⅛
Tel&Data	0.38	59	448	39⅞	38½	39¾	+¼
Thermedics		66	435	15⅛	14⅞	15	
Thermoltex		31	6	29	29	29	
TotlPNA	0.20	21	895	15⅛	14½	15	-¼
TownCntry		0	8	2 7/16	d2⅜	2⅜	-1/16
Triton		10	5	1 7/16	1 7/16	1 7/16	
Tubos Mex		19	930	5⅝	5¼	5⅝	+⅛
TurnerBrA	0.07	67	32	18⅝	18	18¼	+½
TurnerBrB	0.07	167	840	18½	17⅞	18⅜	+¾
UtdFoodsA		5	53	2 3/16	2 3/16	2 3/16	
UtdFoodsB	0.20	109	4	2 1/16	2 1/16	2 1/16	
UnivPtnts		17	41	6¼	6¼	6⅛	
US Cellul		93	52	27½	27⅛	27⅛	-⅝

AMERICA

Dow rebounds after switch in domino effect

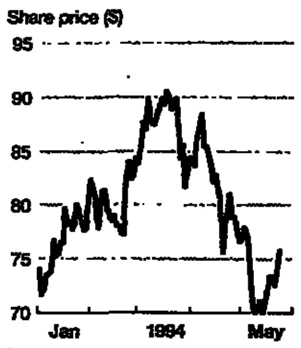
Wall Street

US stocks rebounded yesterday morning in response to a rally on the bond market and a stronger dollar, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 15.65 higher at 3,758.06, while the more broadly based Standard & Poor's 500 was up 2.90 at 456.10 on moderate NYSE volume of 161m shares.

In the secondary markets, the American SE composite was 1.41 better at 439.05, and a rally by technology stocks pushed the Nasdaq composite 6.54 higher to 731.49.

Deere



Source: Datastream

Early in the session, the domino effect which has been sweeping through the US financial markets in recent days was moving in a positive direction. The previous day, a sharp rise in commodity prices and a softer dollar had triggered a big sell-off in bonds and a subsequent downturn in stocks.

Yesterday morning, commodity prices were easing, while the dollar was gaining ground against the yen on news that Washington and Tokyo had agreed to resume framework talks on trade. In response, the benchmark 30-year government bond was retracing some of Monday's heavy losses ahead of an important Treasury supply auction scheduled for the afternoon.

The rally in the bond market left equity investors with the freedom to concentrate on a smattering of quarterly results, but the outcome was not uniformly favourable.

On the positive side, Dell Computer posted quarterly earnings of 43 cents a share, against 25 cents a year ago, and its share price jumped $2⅝ to $31½ on the news.

The computer sector was generally stronger. IBM, which selected Ogilvy & Mather as its new worldwide advertising agency, advanced $1⅛ to $62⅞. Storage Technology was $2⅜ better at $31¼ amid optimism over the early performance of its Iceberg 9200 disk system. Lotus Development led the Nasdaq technology sector, climbing $2⅞ to $65¼.

On the negative side, Deere, the US farm machinery maker, posted record net income of $2.20 in its second quarter, against a restated $1.30 a year earlier, but the improvement failed to feed through to its share price. The stock slipped $¼ to $73½ after an initial jump of $1½.

Among other cyclical issues, Caterpillar lost $1 to $119¾ and Ford shed $¼ to $59¼.

Philip Morris gave back $1¼ to $54¼ after outperforming the market during the previous session. With a board meeting scheduled for today, the company has come under mounting pressure by institutional investors to spin off its non-tobacco businesses.

Meanwhile, General Electric climbed $1 to $47⅞ after revealing that its GE Information Services arm had entered a partnership with the Great Wall Computer Group. The deal gives the US group a strong position to participate in the development of China's telecommunications infrastructure.

In healthcare, Medical Care America jumped $3⅞ to $27⅞. The company, the largest operator of out-patient clinics in the US, agreed to be acquired by Columbia HCA Healthcare in a deal valued at $858m. Columbia HCA, a leading hospital group, dropped $⅝ to $39.

Merck improved $1⅛ to $31⅝ after agreeing to surrender its controlling interest in Synetic, a supplier of plastic products, for $45m.

Canada

Toronto was mixed at midday in a sluggish market awaiting an expected decline in the Bank of Canada's key lending rate. The TSE 300 composite index edged 1.40 lower to 4,297.00, in volume of 23.76m shares valued at C$261m.

Losses in gold and silver, pipelines and conglomerates were offset by gains in consumer products and real estate.

The consumer products index led with a rise of 105.79, or 1.6 per cent to 6,707.25. The soft drink bottler, Cott Corp, continued to recover from its decline in recent weeks, up 1⅜ at 26⅞ on 68,153 shares. Losses were led by gold and silver, down 99.81 or 0.97 per cent at 10,165.33.

Brazil

São Paulo edged higher in lacklustre midday trade as domestic and foreign investors awaited news on the presidential race and on the government's economic plan.

The Bovespa index was 155 higher at 21,118 by 1 pm.

Telebras preferred were quoted 0.6 per cent higher at Cr59.99.

Mexico

Equities began higher, driven by foreign demand, the strengthening of the peso against the dollar and expectations that domestic interest rates would be stable at yesterday's weekly auction. The IPC index gained 15.86 to 2,447.29.

Gold price preoccupies S Africa

Johannesburg was preoccupied with gold's inability to break through technical resistance levels, and paid little attention to President Nelson Mandela's speech to parliament.

The overall index finished 7 weaker at 5,518, industrials also lost 7 at 6,633 but golds edged 5 higher to 1,995.

Remgro remained under pressure amid fears of smoking curbs, cigarette price increases and raised alcohol prices under the new government. It lost R1 to R27.75.

Barlows lost some of Monday's gains, which followed half-year figures, losing 25 cents to R37.75 while Sappi added 50 cents to R46.50.

EUROPE

Bourses catch up with losses in bond markets

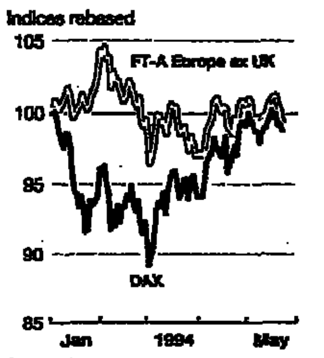
Continental Europe, Milan and Madrid apart, came back from holiday and caught up with some painful events; bond markets fell after Monday's losses in London and bourses followed suit, *writes Our Markets Staff.*

FRANKFURT reflected Monday's sharp fall in June bund futures in London, from 95.30 to 94.68 on LIFFE, but dealers were surprised as the Dax index dropped by 50.93, or 2.3 per cent to 2,198.72 during the official session.

Turnover eased from DM7.2bn to DM7bn. Ms Barbara Altmann, of B Metzler in Frankfurt, said that she had expected a fall of around 20 Dax points to cover the weakness in bonds following comments from the Bundesbank president, Mr Hans Tietmeyer, which were taken to mean that there would be no more official German interest rate cuts in the near future. However, German equities were probably suffering from their outperformance in recent months.

The Bundesbank added yesterday that April's M3 German money supply grew by an annualised 15.8 per cent, up from 15.4 per cent a month earlier. After this, the Dax was unable to hold up against a further drop in bund futures, indicated at 94.41 in late afternoon, and the Ibis index tested its support level of 2,180 with a low of 2,177.72 before recovering to close the day at 2,188.01.

Germany



Source: Datastream

PARIS lost a percentage point, a little worse than the European average, and dealers blamed liquidation of positions on the last day of the May account. Some of the interest rate-sensitive financials took more than their fair share of the losses as the CAC-40 index closed 22.11 lower at 2,133.32, Axa losing FFr39 at FFr1,346 and Suez FFr8 at FFr309.50; but here, too, local professionals found a domestic reason: profit-taking.

Companies in, or potentially in the news were not popular. Eurotunnel dropped another FFr1.65 to FFr31.25; Mr Michael Woodcock at Nikko Securities said that the market was expecting terms for the company's mammoth rights issue to be set today.

Some cyclicals, meanwhile, seemed to see a continuation of last week's switching into more defensive stocks: Alcatel dropped FFr19 at FFr643 and Michelin FFr7.30 at FFr232.60; the tyre company was exposed to higher US interest rates, noted Mr Woodcock, who added that the Balladur measures to stimulate consumption were now expected merely to advance demand from the second half of this year into the first, leaving the automotive industry with little benefit over the year as a whole.

ZURICH fell 1.5 per cent in response to worries about the outlook for interest rates. The SMI index lost 40.7 to 2,692.0 although some late buying helped the market up from a low of 2,681. Sandoz registered finished SFr24 lower at SFr692 after an early SFr680 in response to the agreed $3.7bn bid for Gerber Products, the largest maker of baby foods in the US.

Mrs Birgit Kulhoff at UBS in Zurich, who viewed the bid as a positive development, believed that the link would open the US market for Sandoz healthcare products, although it would not help Gerber to enter the European baby food market, which was already crowded. Gerber would, however, benefit from Sandoz's presence in Asian markets.

Mrs Kulhoff thought that the shares had come under pressure because investors were unjustifiably worried that the bid price was too high and that the deal might indicate that Sandoz would no longer be concentrating on the pharmaceutical side of its business.

Roche certificates, under pressure this month after the group's $5.3bn bid for Syntex, the US drugs company, lost another SFr105 to SFr6,050.

BK Vision, the investment fund controlled by Mr Martin Ebner's BZ banking group, fell SFr30 or 1.9 per cent to SFr1,510 following the announcement that it recorded a SFr30.1m loss in the first four months of this year after a SFr9.9m profit during the same 1993 period.

MILAN was under renewed pressure early in the day as foreign and domestic investors continued to take profits. But local buying emerged late in the session and the Comit index eased just 2.73 to 755.24.

Fiat was one of the front runners in both directions. The shares were marked down to L6,510 before rebounding to finish L149 higher on the day at L6,836.

Mediobanca, L501 or 3 per cent lower at L16,211, was hard hit by newspaper reports that the merchant bank knew of hidden losses at Ferruzzi long before the information was made public.

Fondiaria, the Ferruzzi group's insurance arm, fell L131 to L15,779 in response to news that magistrates had questioned a senior executive over various property deals.

Construction stocks advanced on suggestions that the new Berlusconi government was considering measures to free public works projects frozen due to the corruption scandals and the recession. Italcementi rose L460 to L15,341, Cogefar gained L95 to L2,337, and Calcestruzzi was up L218 at L12,669.

AMSTERDAM saw early losses reduced as US markets opened firmer and the AEX index finished 4.48 lower at 408.29.

Chemicals came under pressure on the view that they had been overbought recently, DSM falling Fl 4 to Fl 132.60 and Akzo Fl 3.40 to Fl 209.30.

Elsevier was Fl 3.20 lower at Fl 175.80 on profit-taking.

News of Sandoz's bid for Gerber sparked buying in Nutricia, the baby and health foods group that has been viewed as a likely takeover candidate for some years. The shares, marked Fl 5 higher at one stage, finished Fl 2.50 ahead at Fl 83.00.

MADRID saw some late buying following an upturn on Wall Street, and the general index closed just 1.39 lower at 336.52.

However, turnover remained subdued at Pta27.3bn and there was still more life in secondary stocks than in the big blue chips.

ATHENS fell another 3.7 per cent as investors shunned shares and instead turned their attention to bank repos, currently yielding around 40 per cent on an annual basis.

The general index fell 32.83 to 854.25 in active volume of 1.8m shares – a decline of 10 per cent since May 13, when the drachma came under pressure and the Greek central bank drove interest rates up to defend the currency.

TEL AVIV dropped again following Monday's official interest rate increase, the Mishtanim index losing 6.53, or 3.3 per cent at 189.67 for an aggregate fall of around 8 per cent since Sunday morning.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices

May 24								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1436.15	1435.36	1436.11	1436.50	1434.25	1431.90	1434.86	1435.77
FT-SE Eurotrack 200	1455.11	1454.51	1453.84	1454.15	1451.93	1448.82	1452.55	1453.90

	May 23	May 20	May 19	May 18	May 17
FT-SE Eurotrack 100	1448.42	1456.87	1468.18	1478.09	1476.21
FT-SE Eurotrack 200	1468.75	1474.20	1480.47	1489.45	1488.64

Base 1000 (26/10/90); Highday: 100 - 1437.43; 200 - 1455.53 Lowday: 100 - 1431.07 200 - 1448.91

ASIA PACIFIC

Rising hopes on US trade talks help Nikkei ahead

Tokyo

Reports that US and Japanese trade officials had agreed to resume bilateral framework talks encouraged investors, and share prices ended a volatile session slightly higher, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 index gained ground for the fifth consecutive day, rising 53.41 to 20,622.12 as the Topix index of all first section stocks advanced 1.41 to 1,655.62. The 225 fell to a day's low of 20,501.00 in the morning session and peaked at 20,748.75, falling short of 20,781.98, the high for this year.

Profit-taking depressed share prices in the morning session, but buying by arbitrageurs, along with foreign and domestic institutional investors pushed share prices higher. Index-linked selling and profit-taking towards the end of the session eroded some of the gains.

Volume totalled 550m shares against 388m. The Nikkei 300 index rose 0.17 to 302.67 while gainers led losers by 621 to 421, with 148 unchanged. In London, the ISE/Nikkei 50 index rose 2.71 to 1,357.63.

Traders were encouraged by active buying on the part of domestic institutions. However, a Japanese broker said that heavy selling around 21,000 will make it hard for the index to rise much further.

Nippon Telegraph and Telephone gained Y15,000 to Y842,000, rebounding for the first time in eight consecutive days. East Japan Railway, on the other hand, lost ground for the third straight day, falling Y1,000 to Y505,000.

Large capital steels, which led Monday's index rise, eased gently on profit-taking. Nippon Steel fell Y1 to Y368 and Kawasaki Steel lost Y2 to Y399. Banks were lower ahead of their earnings announcements tomorrow. Industrial Bank of Japan fell Y30 to Y3,230 and Dai-Ichi Kangyo Bank lost Y40 to Y1,990.

The likely resumption of the deadlocked US-Japan bilateral trade talks brought investors' attention back to the automobile sector, which is one of the central issues on trade between the two countries. Nissan Motor added Y27 to Y884 and Toyota Motor gained Y60 to Y2,090.

Higher commodity prices pushed up non-ferrous metals, shipping and shipbuilders. Sumitomo Metal Mining rose Y16 to Y944, Navix Line by Y11 to Y379 and Hitachi Zosen by Y3 to Y563.

In Osaka, the OSE average rose 91.90 to 22,711.49 in volume of 27.2m shares. Nintendo, the video game maker, fell Y190 to Y6,310 on weak earnings figures released on Monday.

Roundup

Pacific Rim markets were in subdued mood yesterday.

HONG KONG finished weaker on selling triggered by the overnight fall on Wall Street. However, volume was thin as investors awaited fresh developments on financing for Hong Kong's airport and US renewal of China's preferred trade status.

The Hang Seng index slid 99.67 or 1.0 per cent, to 9,490.11 in turnover that fell to HK$3.9bn from Monday's HK$4.3bn.

SINGAPORE was dragged lower by big falls in index stocks although trading was mostly subdued. The Straits Times Industrials index closed 36.45 or 1.6 per cent lower at 2,302.86. Yeo Hiap Seng, however, rose 8 cents to S$4.08 in volume of 5.7m as speculators continued to buy amid anticipation of a takeover by Ng Teng Fong.

KUALA LUMPUR was broadly lower as investors worried about the overnight fall on Wall Street and domestic inflation. The composite index closed 11.84 or 1.2 per cent lower at 987.26 although activity was restricted ahead of a national holiday today.

TAIPEI saw late selling after earlier attempts at a technical rebound failed, and the weighted index ended 48.56 lower at 5,769.12, off a high of 5,835. Turnover was a slow T$32.67bn.

The weak performance was attributed to local reports that the Taiwan exchange planned to downgrade eight shares to the second category from the first because of their poor profit performance in the past four years. All eight shares fell, with Taiwan Paper and Oriental Union limit down to T$28.70 and T$30.10, respectively.

SYDNEY lost some ground in afternoon trade as profit-takers emerged, but still ended higher on the day in response to firmer gold and resource prices. The All Ordinaries index finished 11.4 higher at 2,132.4, after a high of 2,143.6, while the gold marker closed 59.2 or 2.5 per cent ahead at 2,373.3, its highest level since March 29. .

News Corp leapt 29 cents to A$9.29 after announcing a $500m joint venture with New World Communications under which Mr Rupert Murdoch's Fox television network will take 12 stations from its three network rivals.

WELLINGTON was helped ahead by the commodities-inspired rally in Australia, and the NZSE-40 capital index finished 17.98 higher at 2,156.22 in moderate volume.

Carter Holt Harvey, which reports annual results today added 12 cents to NZ$3.90 amid market expectations for net profit of NZ$310m against NZ$243.5m a year ago.

MANILA eased on profit-taking after Monday's strong but gold issues gained on the metal's sharp rise overnight. The composite index lost 20.19 to 2,901.98 in volume of 1.78bn shares after Monday's 751.4m.

SHANGHAI's B share index fel 12.46 or 1.6 per cent to 769.56 on profit-taking by domestic investors after Monday's 4.6 per cent surge.

SEOUL ended mixed as cheaper shares advanced on selective buying while blue chips continued their consolidation. The composite stock index gained 0.39 to 945.89.

BOMBAY closed lower on renewed selling by speculators affected by the continuing ban on carry forward trading. The BSE 30-share index lost 32.90 to 3,704.33.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MAY 23 1994								FRIDAY MAY 20 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (69)	176.12	1.7	175.30	117.55	152.39	161.33	0.8	3.40	175.22	172.05	115.09	149.87	160.05	189.15	130.19	134.70
Austria (17)	180.13	0.1	177.28	118.87	154.11	153.94	0.0	1.06	180.04	176.78	118.26	154.09	153.94	195.41	140.14	142.71
Belgium (42)	176.64	0.1	173.84	116.57	151.12	147.53	0.0	3.73	176.56	173.36	115.97	151.11	147.53	176.67	141.92	146.32
Canada (106)	131.23	−0.1	129.15	86.60	112.27	131.00	0.0	2.57	131.42	129.04	86.32	112.48	131.00	145.31	121.46	128.61
Denmark (33)	256.48	0.0	252.41	169.26	219.42	224.53	0.0	1.31	256.53	251.89	168.49	219.56	224.53	275.79	207.56	220.63
Finland (23)	155.35	−0.4	152.89	102.52	132.91	175.47	−0.3	0.89	155.98	153.16	102.45	133.50	175.96	156.72	85.54	100.91
France (98)	177.32	0.0	174.51	117.02	151.70	158.62	0.0	2.88	177.24	174.04	116.42	151.70	158.52	185.37	149.60	150.95
Germany (58)	145.23	0.0	142.93	95.84	124.25	124.25	0.0	1.88	145.17	142.54	95.35	124.25	124.25	147.07	107.59	109.22
Hong Kong (56)	391.98	−0.7	385.77	258.68	335.36	388.76	−0.7	2.73	394.61	387.47	259.19	337.75	391.37	506.66	271.42	290.61
Ireland (14)	190.45	0.4	187.43	125.68	162.94	180.22	0.4	3.37	189.69	186.26	124.59	162.36	179.45	209.33	155.93	159.38
Italy (60)	90.73	−2.6	89.29	59.88	77.62	107.72	−2.0	1.47	93.18	91.49	61.20	79.75	109.95	97.78	57.88	72.14
Japan (469)	159.09	0.3	156.56	104.98	136.11	104.98	0.8	0.77	158.55	155.68	104.14	135.70	104.14	165.91	124.54	144.74
Malaysia (98)	475.60	−0.5	468.07	313.87	406.90	475.00	−0.4	1.41	478.15	469.51	314.07	409.26	476.83	621.63	312.51	338.38
Mexico (18)	2086.19	1.4	2053.09	1376.72	1784.78	7523.64	0.8	1.03	2058.47	2021.24	1352.06	1761.82	7465.33	2847.08	1431.17	1519.84
Netherland (26)	203.93	0.0	200.70	134.58	174.48	171.87	0.0	3.27	203.91	200.23	133.94	174.53	171.87	207.43	164.14	164.18
New Zealand (14)	69.77	0.7	68.66	46.04	59.69	62.91	0.3	3.80	69.30	68.04	45.52	59.31	62.70	77.59	48.57	49.01
Norway (23)	202.89	0.1	199.67	133.89	173.58	196.10	0.0	1.69	202.66	199.02	133.13	173.47	196.10	206.42	150.61	158.11
Singapore (44)	351.74	−0.3	346.16	232.12	300.93	249.33	−0.3	1.52	352.77	346.40	231.71	301.94	250.08	378.92	242.46	252.88
South Africa (59)	264.16	1.9	259.97	174.32	225.99	282.33	1.2	2.19	259.10	254.41	170.18	221.76	278.91	280.26	175.83	197.46
Spain (42)	150.21	0.1	147.83	99.13	128.51	154.25	−0.2	3.86	149.99	147.28	98.52	128.37	154.56	155.79	116.33	128.86
Sweden (36)	229.84	0.1	226.19	151.68	196.64	260.76	0.0	1.53	229.72	225.57	150.89	196.62	260.76	231.35	163.85	180.26
Switzerland (47)	159.24	−0.2	156.71	105.09	136.23	139.05	0.0	1.75	159.63	156.74	104.85	136.62	139.05	176.56	122.57	122.57
United Kingdom (205)	191.79	−0.6	188.75	126.57	164.09	188.75	−0.6	3.95	193.31	189.82	126.98	165.46	189.82	214.98	170.32	176.23
USA (519)	184.69	−0.4	181.76	121.88	158.01	184.69	−0.4	2.90	185.49	182.08	121.80	158.71	185.43	198.04	178.95	182.25
EUROPE (724)	171.16	−0.5	168.45	112.95	146.43	159.79	−0.3	2.90	171.94	168.83	112.94	147.16	160.33	178.58	141.58	144.20
Nordic (115)	217.39	0.0	213.94	143.46	185.96	215.28	0.0	1.39	217.45	213.52	142.83	186.11	215.37	220.80	155.82	169.91
Pacific Basin (750)	168.03	0.3	165.37	110.89	143.76	115.24	0.7	1.05	167.53	164.50	110.04	143.39	114.48	168.60	134.79	148.74
Euro-Pacific (1474)	169.18	0.0	166.49	111.65	144.74	132.90	0.2	1.83	169.21	166.15	111.14	144.82	132.56	170.76	141.96	146.76
North America (625)	181.37	−0.4	178.50	119.69	155.17	180.97	−0.4	2.86	182.06	178.79	119.58	155.84	181.67	192.73	175.67	178.92
Europe Ex. UK (519)	155.95	−0.3	153.47	102.91	133.42	141.45	−0.2	2.29	156.36	153.52	102.69	133.82	141.74	157.47	122.37	124.43
Pacific Ex. Japan (281)	255.44	0.1	251.39	168.57	218.54	229.45	−0.1	2.56	255.16	250.57	167.61	218.41	229.73	298.21	182.38	188.35
World Ex. US (1657)	170.22	0.0	167.52	112.33	145.63	136.20	0.3	1.84	170.17	167.10	111.77	145.65	135.85	172.51	142.94	147.50
World Ex. UK (1971)	172.26	−0.1	169.55	113.69	147.39	147.78	0.1	2.03	172.37	169.25	113.21	147.83	147.64	175.56	153.22	156.41
World Ex. So. Af. (2117)	173.48	−0.1	170.72	114.48	148.41	150.52	0.0	2.21	173.73	170.58	114.11	148.69	150.50	178.56	155.00	159.00
World Ex. Japan (1707)	184.03	−0.3	181.11	121.44	157.44	178.25	−0.3	2.83	184.61	181.27	121.26	158.01	178.80	195.20	165.72	167.13
The World Index (2178)	174.01	−0.1	171.25	114.84	148.87	151.51	0.0	2.21	174.22	171.07	114.43	149.12	151.47	178.97	155.17	158.17

Latest prices were unavailable for this edition. Markets closed 23/5/94: Austria, Belgium, Canada, Denmark, France, Germany, Netherlands, Norway, Sweden and Switzerland.